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PRC HOPES TO BOOST COMMODITY EXPORTS TO U.S.

HK281028 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Jul 86 p 3

[Report from JINGJI XINXI BAO: "Nine Categories of Commodities China Hopes To Boost Exports to the United States"]

[Text] At a recent "Symposium on China-U.S. Trade," which was sponsored by Guangdong Province's Research Institute for Foreign Economic Relations and Trade Development as well as Guangzhou City's Society of Foreign Economic Relations and Trade, some U.S. experts held that Mainland China has great potential in exporting goods to the U.S. market, particularly in nine categories. The experts included (cohen) [ke en 2688 1869], former dean of Harvard University's Faculty of Law in the United States and chairman of the New York-Beijing Friendship Committee. The nine categories are:

First, petroleum and oil products: The oil price of the present international market is weak, but the market will be improved in the long run. Over the years, Mainland China greatly increased its export of oil and oil products. It is expected that the increase will be continued. In addition, the Americans presently do not lay great stress on conserving oil. On the other hand, within the next 1 or 2 years, the United States will need more energy in the wake of the continuous growth of industrial production, which is favorable for China's export oil.

Second, nonferrous metals and rare-mineral products: The United States mainly imports these products from Africa and South America. But since the political situation of some of these areas are unstable, China may take this opportunity to develop the U.S. market.

Third, ordinary machine tools: China maintains a stable production of machine tools. Moreover, the products are in good quality and are offered at reasonable prices. On the other hand, the U.S. manufacturers are gradually withdrawing from this production area, though there is still a market demand.

Fourth, hand tools: China shares quite a large market in the United States in terms of its cheap but quality hand tools. Recently, the service charges of the U.S. service industry have been on the rise, so that the consumers now prefer to repair their electric home appliances by themselves. Also, the U.S. made hand tools are so expensive that the Americans prefer the China made products.

Fifth, non-advanced scientific instruments: China's ordinary microscope and other instruments can find a market among the U.S. senior secondary schools and universities, and this can be achieved with great competitiveness.

Sixth, computer software: China's knowledge about computers is by no means backward. It may concentrate its efforts on developing software so that the products can enter the U.S. market.

Seventh, silk: Mainland China carries the tradition of producing silk but exports only a small quantity of processed garments. China may gradually understand the demand of the U.S. market and increase its export of silk garments to the United States.

Eighth, food and drinks with local flavors: There is a great potential in these products' development in the U.S. market. But they will be subject to the restrictions of the food and drug administration. It is hoped that the restrictions will be reduced in the wake of development in the two countries' relations. Now, China's bean curd, Qingdao beer and so on are available in the U.S. market. It is also hoped that China will share some market in selling other brands of beer, vegetable and food.

Ninth, handicraft articles: Mainland China has sold a large quantity of handicraft articles to the United States. But the sales distribution network is not wide enough. As the development trend of the U.S. consumers change very quickly, China should pay close attention to studying the consumption trends in the handicraft article market, and keep abreast of the market development, so as to further expand its exports.

REGAN REMARKS ON SOUTH AFRICA POLICY CONDEMNED

HK281118 Beijing RENMIN RIBAO in Chinese 25 Jul 86 p 7

["Jottings" by Chen Feng "Regan's 'Witty Remarks'"]

[Text] President Reagan delivered a policy speech to the Congress on 22 July. He maintained that the U.S. Government opposed any economic sanctions against the South African regime, saying that economic sanctions were "disgusting." His remarks have disappointed world opinion and made it feel resentful.

What was beyond expectations was "arguments" put forth by Regan, chief of the White House staff, to defend the U.S. policy. He said that if all-round economic sanctions were imposed on South Africa, the American women would no longer get jewels and diamonds produced by South Africa.

This was the second witty remark uttered by Mr. Regan within a year on American women and politics. When the American-Soviet summit meeting was held in November last year, he said that women were more interested in the dresses of Mrs. Gorbachev and Mrs. Reagan than the throw weight of rockets.

Of course, in the United States a number of women have paid more attention to dressing and make up than to politics. Regan's aim of uttering his "witty remarks" was to make use of such a mentality to divert people's attention from political issues to other things, so that women, who are fond of diamonds, jewels and gold, will support the policy of the government.

Retorting Regan's "witty remarks" uttered on the two occasions, O'Neil, speaker of the U.S. House of Representatives, said: According to Regan's views, women know nothing about apartheid in South Africa and the throw weight of rockets. They only know diamonds. How many people have died in order that these women can get their diamonds?

We do not know whether the American women have appreciated the "special attention" given to them by Regan. However, it seems that they are not so easily deceived as people expect. What has embarrassed Mr. Regan is that (Eleanor Smeal), president of the American National Organization of Women, criticized him: "He is surely one of the most ignorant and incompetent men in the United States."

TA KUNG PAO ON GORBACHEV'S VLADIVOSTOK SPEECH

HK290059 Hong Kong TA KUNG PAO in Chinese 29 Jul 86 p 2

["Political Talk" column by Shih Chun-yu: "Gorbachev's Vladivostok Speech"]

[Text] Troop Withdrawal From Afghanistan by Year-End

CPSU General Secretary Gorbachev made a speech in Vladivostok yesterday in which he dwelt on the Soviet Union's policies toward the Asia-Pacific region. The following three points attracted attention: The Soviet Union announced that it will undertake a phased troop withdrawal from Afghanistan, first withdrawing 6 regiments (6,000 to 8,000 men) before the end of this year.

Second, Gorbachev announced that the Soviet authorities are currently holding discussions with the Mongolian authorities on a "fairly large partial troop withdrawal" from Mongolia.

Third, Gorbachev spoke on relations with China. He said: The Soviet Union is willing to hold the most earnest discussions with China at any time and at any level on supplementary measures for establishing good-neighborly relations.

Advocating Abolition of Foreign Bases

Of course, Gorbachev could not fail to mention policy toward the United States. Apart from emphasizing the holding of a Soviet-U.S. summit this year and speeding up the disarmament talks, he pointed out that the Soviet Union advocates the dismantling of military blocs in the Asia-Pacific region, abolishing foreign military bases, and withdrawing troops from the territory of others.

This speech certainly caught the world's attention because it touched on the Afghanistan situation and also on the Soviet Union's relations with the United States, China, and Japan.

At any rate, two of the "three big obstacles" to the normalization of Sino-Soviet relations -- obstacles that China has consistently mentioned -- were touched on in this speech: Withdrawal of troops from Afghanistan and an easing of the situation on the Sino-Mongolian border. As for the other obstacle, China hopes that the Soviet Union will influence Vietnam to withdraw its forces from Cambodia. According to a XINHUA report from Moscow yesterday, "Vietnamese leader Truong Chinh arrived in the Soviet Union for a vacation on 26 July." This allows people to think about whether during this "vacation" the Soviet leaders might discuss the questions of Vietnamese military occupation of Cambodia and Soviet military support for Vietnam.

Cautious International Reaction

Foreign news agencies yesterday raced each other to file Gorbachev's speech, but reactions to it have been rather cautious. No matter what, the Soviet announcement of troop withdrawal from Afghanistan would be the first step in cooling down the "hot war" in that region. However, the Soviet Union has also laid down preconditions, stressing that "so long as a complete political solution method is formulated, the Soviet Union may correspondingly speed up the process to the extent of complete military withdrawal. If intervention in Afghanistan continues, the Soviet Union will not simply ignore the calamities suffered by a neighboring state.

Such a precondition remains beyond doubt the obstacle to a political settlement of the Afghan problem. To achieve peace in Afghanistan and Cambodia, it is first necessary to carry out an unconditional withdrawal of foreign troops, and then seek a political settlement through the appropriate means.

A Soviet troop withdrawal from the Mongolian border is a demand that China has put forward many times. How can peaceful and good-neighborly relations be established if tanks and missiles are pointed at the other party's throat?

The Tashkent Speech of 4 Years Ago

At present Sino-Soviet relations in the fields of economic, cultural, scientific and technological exchange, and so on are indeed much better than in the past. The Chinese commodity exhibition now being held in Moscow is the first such since 1953, 33 years ago. This shows that Sino-Soviet relations have been improving in recent years.

More than 4 years ago, the late CPSU leader Brezhnev made a speech in Tashkent in Central Asia, not far from the Chinese border. In this speech he announced that he wanted to improve relations with China. More than 4 years later, Gorbachev has spoken in Vladivostok. Practical deeds are the important thing. However, has Soviet policy evolved somewhat between the Tashkent and Vladivostok speeches? This is indeed a trend that demands attention.

PRC 'Studying' Speech

HK290927 Hong Kong AFP in English 0851 GMT 29 Jul 86

[By Pierre-Antoine Donnet]

[Excerpt] Beijing, July 29 (AFP) -- Beijing is likely to interpret Soviet leader Mikhail Gorbachev's overtures Monday to China and other countries in the Asia-Pacific region as a threat to its own efforts to set up a zone of influence in the area, Western diplomats here said Tuesday.

China has not yet officially commented on the Soviet leader's statement, but one diplomat here who asked not to be identified said Chinese officials would probably see in Mr Gorbachev's words "a continuation of the diplomatic offensive he has undertaken since coming to power" last year.

A Foreign Ministry spokesman here would only say: "We are studying the speech made by Mr Gorbachev."

The Soviet leader, in a speech in Vladivostok Monday, said relations between Beijing and Moscow had taken "a turn for the better," and that the Soviet Union was interested in "developing its links with Indonesia, Australia, New Zealand, the Philippines, Thailand, Malaysia, Singapore, Burma, Sri Lanka and other states."

He also offered to reduce the number of Soviet troops in Mongolia and promised to pull back by the end of this year 8,000 soldiers stationed in Afghanistan.

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PRC INTERNATIONAL AFFAIRS
SOVIET UNION

PRC, USSR TO EXCHANGE ECONOMIC, TRADE EXHIBITIONS

OW281942 Beijing XINHUA in English 1811 GMT 28 Jul 86

[Text] Moscow, July 28 (XINHUA) -- China and the Soviet Union will exchange economic and trade exhibitions during the next five years as part of the expansion of the two countries' economic and trade relations. An agreement to this effect was signed here today by Jia Shi, chairman of the China Council for Promotion of International Trade, and Yevgeniy Pitovranov, chairman of the Soviet Board of Chamber of Commerce and Industry.

Jia arrived in Moscow on July 21 as head of a Chinese delegation to attend the Chinese economic and trade exhibition. During the exhibition, Jia held talks with heads of Soviet economic departments and officials in charge of state science and technology.

PRC WORKERS DELEGATION ENDS VISIT TO MOSCOW

OW281940 Beijing XINHUA in English 1810 GMT 28 Jul 86

[Text] Moscow, July 28 (XINHUA) -- A Chinese workers' union delegation ended its visit here today -- the first such visit in 20 years. The delegation, headed by Chinese Machinery Metallurgical Workers' Union chairman Zhang Cunen, toured Moscow, Leningrad and other cities during its two-week visit. The Chinese delegation arrived here on July 13 and leaves for home today.

USSR ARMS CONTROL OFFICIAL KARPOV VISITS BEIJING

OW251202 Beijing XINHUA in English 1125 GMT 25 Jul 86

[Text] Beijing, July 25 (XINHUA) -- V.P. Karpov, director of the Bureau of Arms Limitation and Disarmament in the Soviet Ministry of Foreign Affairs, left here for home today after a four-day stay in Beijing as guest of the Soviet Embassy in China.

While in Beijing, Karpov was entertained at a dinner given by Chinese Vice-Foreign Minister Zhou Nan and exchanged views on the issue of disarmament with Li Daoyu, director of the International Organizations Department in the Ministry of Foreign Affairs.

PRC SOURCES DENOUNCE FUJIO REMARKS ON TEXTBOOK

OW281415 Tokyo KYODO in English 1328 GMT 28 Jul 86

[Text] Beijing, July 28 KYODO -- A Chinese Government authoritative source here Monday denounced a recent controversial remark by Japanese Education Minister Masayuki Fujio as "violent language which is extremely unsatisfactory." The source said that the Chinese Government was still studying the Fujio remark and awaiting an official explanation from Japan. Another Chinese source well versed in Sino-Japanese relations commented that the remark by Fujio indicates the newly-appointed minister shows no regret over the recent textbook problem.

The Japanese textbook, prepared by a revivalist group known as the National Council for the Defense of Japan, went through a series of three unprecedented screenings between May and July, after Education Ministry textbook reviewers had approved the textbook for use in Japanese schools beginning next spring.

When news surfaced in early June that the textbook contained passages which allegedly attempted to gloss over Japanese wartime actions in Asia, protests from China and South Korea were raised and the Japanese Government ordered rechecks of controversial sections in the book. As recently as July 16, a Chinese Foreign Ministry spokesman had commented that the Chinese Government was still not satisfied with the cooperation of Japan over the textbook problem.

The Japanese daily SANKEI SHIMBUN quoted Fujio in a press conference last Friday as having suggested that the same "guys" who have been complaining (about Japanese Government approval of the history textbook) were also guilty (of acts of aggression) in world history.

The article has since fueled controversy in China and South Korea, threatening to develop into another possible diplomatic incident over the textbook. Fujio, however, told reporters Monday that the remark was quoted out of context.

PRC EXPORT COMMODITY EXHIBIT OPENS IN TOKYO

OW281346 Beijing XINHUA in English 1340 GMT 28 Jul 86

[Text] Tokyo, July 28 (XINHUA) -- A Chinese export commodity exhibition, the largest of its kind held by China in Japan in recent years, opened today in Tokyo's Ikebukuro sunshine city. More than 500 people include businessmen, economists and embassy officials from Asian, European, African and Latin American nations attended the opening ceremony. The fair is held jointly by the China Council for Promotion of International Trade and the Japan External Trade Organization.

Both Chinese and Japanese officials expressed in their speeches at the opening ceremony the hope to expand the trade relations between the two countries through the exhibition. They expected the question of trade imbalance between the two countries to be solved.

Participating in the exhibition are 111 companies from 24 provinces, cities and autonomous regions of China. On display are handicrafts, ceramics, local specialties, foodstuffs, oils, fabrics, fibers, chemicals, medicines, metals and minerals. The exhibition will end on August 10.

PAPER URGES WORK TOWARD MORE BUSINESS WITH JAPAN

OW281705 Beijing XINHUA in English 1421 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- Foreign trade officials have been again urged to discuss how to increase exports to Japan to reduce the country's deficit in Sino-Japanese trade. Such deficit, according to today's "INTERNATIONAL BUSINESS," are now "unbearable to China."

Efforts by both countries are needed to solve the problem, said the paper. "There have been indications from Japan that it is willing to cooperate with China to buy more Chinese goods," the paper said. "It is our hope that this will become a reality as quickly as possible."

Chinese departments of economy, science and technology as well as production units on their own part should all deepen their understanding of the need to increase China's exports to Japan, said the Foreign Economic Relations and Trade Ministry paper. The paper attributed the deficits in China's trade with Japan to the difficulties for goods of any foreign country to enter the Japanese market -- a fact known throughout the world.

Primary products account for the bulk of China's exports to Japan, which in return sells manufactured goods to China -- the price differential thus being in favor of Japan. Nevertheless, the paper said, it is highly possible for China to improve this situation by increasing its exports to Japan.

Here is the paper's explanation:

China has abundant resources of energy and nonferrous metals, which Japan badly needs. Its reserves of granite, marble and other building materials, which Japan also needs for its own construction, are "inexhaustible."

In addition, the paper said, the Japanese market demand is "great" for agricultural and sideline produce, light and textile products, food, and arts and crafts articles.

While export potential does exist, the paper said, what is crucial to China is an effort to learn every detail of the Japanese market and of the demand of the Japanese buyer for the quality, variety and packaging of foreign goods.

The recent revaluation of the Japanese yen and the devaluation of the exchange rates between the "renminbi" and world currencies are also favorable to China's exports to Japan.

The paper called attention to efforts made by Southeast Asian countries to expand their exports and attract investment by taking advantage of the yen's revaluation. "China, too, must try to use this opportunity," the paper said.

FIRST PRC-JAPANESE SCIENTIFIC BALLOON SUCCESSFUL

OW261720 Beijing XINHUA in English 1429 GMT 26 Jul 86

[Text] Shanghai, July 26 (XINHUA) -- The first Sino-Japanese high-altitude scientific balloon has successfully flown from Japan to China across the 1,000-kilometer East China Sea.

The 172-kilogram balloon, traced by radar and operated by remote sensing, left Kagoshima, Japan, at about six o'clock in the morning, July 25, flying with a westerly air current at an altitude of 25,000 meters, and arrived over Hangzhou Bay in Zhejiang Province at midnight that day. Early this morning, the basket was cut from the balloon and landed at a village in Zhejiang Province.

All the Chinese and Japanese instruments and equipment in the basket attached to the 5,000-cubic meter balloon worked perfectly.

The flight marked the beginning of a three-year trans-ocean flying experiment sponsored by the Shanghai Observatory attached to the Chinese Academy of Sciences, the Beijing Space Science and Technological Center, the Zijinshan Observatory, and Japan's Institute of Space and Astronautical Science.

The second flight is scheduled for July 29 or 30, according to a scientist from Shanghai who is participating in the experiment. "The aim is to carry out space observation, high-energy physics experiments and infrared astronomy," he said.

21ST CENTURY PRC-JAPAN FRIENDSHIP SOCIETY MEETS

OW281714 Beijing XINHUA in English 1456 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- A special subcommittee under the 21st Century Committee for China-Japan Friendship had a meeting today and last Saturday to make preparations for the third plenary session of the committee, which is scheduled to be held in Japan in September. Attending the meeting were China's member of the committee Fu Hao, Zhang Xiangshan, Japan's member of the committee Koyama Kemichi, and experts from both sides.

Koyama Kemichi and his party laid a wreath at the Monument to the People's Heroes at the Tiananmen Square this morning. Koyama told his Chinese colleagues that he did so to cherish the memory of China's revolutionary martyrs with an aspiration for peace and friendship between Japanese and Chinese peoples from generation to generation.

RENMIN RIBAO COMMENTARY ON NEW JAPANESE CABINET

HK280016 Beijing RENMIN RIBAO in Chinese 24 Jul 86 p 6

[Commentary by reporter Sun Dongmin "Nakasone's New Structure and the Political Situation in Japan"]

[Excerpts] With the support of both houses and an overwhelming triumph in the election, Prime Minister Nakasone made his third cabinet changes and reshuffles in the personnel of the Liberal Democratic Party at extraordinary speed on 22 July. The Nakasone administration has made a new step forward amid the changes of the political situation.

In a news conference held today (23 July), Prime Minister Nakasone said that his newly formed third cabinet will be a "powerful one that will deal with concrete matters." The personnel arrangement of the cabinet and the party is based on the principle of "appointing solely Liberal Democratic Party members," in order to promote the replacement of the old by the new, the three new party leaders are all appointed to important posts, and the new cabinet will exert its utmost to realize the promises made to the constituents during the election. Public opinion believes that Nakasone's series of personnel rearrangements demonstrates that the new Nakasone structure aims to lay new tracks to prolong the party's term of office. [passage omitted]

Third Nakasone cabinet flaunts the implementation of "steady and down-to-earth politics" and continuing the line of "setting a final account of the postwar politics," and the tasks confronting it "have piled up like a mountain." Just as Prime Minister Nakasone said at the news conference, Japan will give top priority to relaxing the economic friction with the United States as the center in international relations, and carry out the operation plan for action in opening the domestic market, which has already been proposed, so as to ease the international pressure. Domestically, it will do its best to include administrative, financial, and education reforms on the concrete tracks. [passage omitted]

Public opinion believes that although the third Nakasone cabinet has smoothly taken its first step, its prospects may not be necessarily bright. From now on, the Japanese political situation will focus on whether Prime Minister Nakasone will remain in office after his term is fulfilled. Looking at the present conditions, the voice inside the Liberal Democratic Party for Nakasone to remain in office after the fulfillment of his term is growing stronger with each passing day. However, the three new party leaders, who have set their eyes on the next government, differ on whether it should be a short-term or a long-term prolonging of office. Moreover, the sectarian forces within the party will undergo a reorganization; therefore, the trends of the three new leaders and what policy Nakasone will adopt will have a direct bearing on the evolution of the political situation, which will bring complicated factors to whether Nakasone will prolong his office.

DPRK TO CONTINUE EFFORTS TO COHOST OLYMPICS

OW281206 Beijing XINHUA in English 0734 GMT 28 Jul 86

[Text] Pyongyang, July 28 (XINHUA) -- Kim Tok-chun, vice-chairman of the Physical Culture and Sports Guidance Committee of the Democratic People's Republic of Korea, said recently that the D.P.R.K. would continue their efforts for the co-hosting of the 24th Olympic Games.

Writing in the monthly magazine "KULLOJA", Kim Tok-chun said the co-hosting of the 1988 Olympic Games would help avoid the "non-participation by group or groups of countries" in the games. He said that three meetings had been held between the two sides of Korea between last October and June this year under the auspices of the International Olympic Committee, but no agreement had been reached.

When the jointly hosting of the Olympics is realized, he stressed, the sports personal and people of the two sides as well as athletes and tourists of other countries could go freely between the North and the South, and will also create very favorable conditions for the easing of the tension on the Korean peninsula, the safeguard of peace and the peaceful unification of Korea.

INDIAN VICE PRESIDENT CITED ON NUCLEAR POWER

OW261711 Beijing XINHUA in English 1537 GMT 26 Jul 86

[Text] New Delhi, July 26 (XINHUA) -- Indian Vice-President Ramaswami Venkataraman said today that India would continue to tap nuclear power potential despite the accident at the Chernobyl nuclear power plant in the Soviet Union. Speaking at the Atomic Research Center in Kalpakkam, he said that although it was argued that nuclear power was costlier and that the gestation period for erecting these plants was longer, "the social cost resulting from absence of power was many times more than the cost of nuclear power."

At present India has three nuclear power plants located in the states of Rajasthan, Maharashtra and Tamil Nadu with a total power generation capacity of 1,273 megawatts. New nuclear power stations are under construction in various parts of the country. India plans to achieve a target of nuclear power capacity of 10,000 mws by the year 2000.

Referring to the power needs in the country, the vice-president said the planned installed capacity by the turn of the century would be around 100,000 to 120,000 mws and this could be achieved only if hydro, thermal and nuclear energies were fully exploited.

Venkataraman noted there are pockets in the country which have neither hydro-potential nor coal or natural gas. "Obviously, in those areas the cost of nuclear power would be cheaper than from other sources," he said. With the setting up of the facility of fast breeder reactors, the nuclear power stations are bound to take an important place in the national power planning, he said.

A 100-mw natural uranium reactor named "Dhruva" was commissioned last August at the Bhabha Atomic Research Center in Bombay. According to Minister of State for Science and Technology Shivraj V. Patil, a new faster breeder test reactor is being set up in Kalpakkam.

INDIA SETS UP CONTROL CENTER FOR SATELLITES

OW281038 Beijing XINHUA in English 1019 GMT 28 Jul 86

[Text] New Delhi, July 28 (XINHUA) -- India's Department of Space is setting up a satellite control center in Bangalore for tracking low earth orbit satellites, the local press reported today.

Dr. P.H. Jayaraman, deputy director of India's Middle Atmosphere Program, said that the new center is expected to be operational by next year. It would be used for tracking, telemetering and controlling low earth orbit satellites such as the Rohini series. The new center would be connected with all the ground stations in the country and abroad, initially through microwave links and later via satellite, Jayaraman added.

Meanwhile, he said the augmented satellite launch vehicle, the country's second generation launch vehicle, is likely to be launched from the Shriharikota high altitude range center in October this year. The 30-tonne vehicle will place into orbit the first low earth orbit satellite in the stretched Rohini satellite series.

XINHUA ANALYSIS VIEWS TURKEY'S OZAL IN MOSCOW

OW281056 Beijing XINHUA in English 0708 GMT 28 Jul 86

["News analysis: Turkish Prime Minister's Visit to Moscow -- A Tough Mission (by Qian Wenrong)" -- XINHUA headline]

[Text] Istanbul, July 28 (XINHUA) -- The visit by Turkish Prime Minister Turgut Ozal to Moscow which begins today has drawn attention from home and abroad. Ozal's talks with the Soviet leaders, according to local press reports, will focus on what they called "thorny problems" such as the Cyprus issue, the problem of the Turkish minority in Bulgaria and the problem of a Bulgarian Turk who has sought asylum in the Turkish Embassy in Moscow.

Just recently, two senior Soviet officials, Deputy Chairman of the International Relations Council of the Soviet Communist Party Central Committee Constantin Kornienko and Deputy Foreign Minister Longinov, visited Greece and Cyprus. Furthermore, the Soviet Union announced on July 20 that it will not recognize "the Turkish Republic of Northern Cyprus" and will continue to accept the Greek Cypriots' Government headed by Spyros Kyprianou as the sole legitimate government of Cyprus. It has also put forward a new peace plan for Cyprus, calling for an international conference and for a complete demilitarization of the divided island. All these moves have been regarded by the Turkish opinion as a "full Soviet support" for Greece and Greek Cypriots as well as a pressure put on Turkey before Ozal's visit.

The "TURKISH DAILY NEWS" quoted Turkish officials as saying that "the increasing Soviet concern over Cyprus stems from Kremlin's belief that the British bases on the island, which are often used by the United States, are a threat to the Soviet interests in the region." But, observers here noted that Turkey is most likely not to accept the Soviet new proposal on the Cyprus issue.

In his latest interview with the Italian weekly "PANORAMA," Ozal declared that there could be no unified solution to the Cyprus issue "unless the international community recognizes the Turkish Republic of Northern Cyprus politically equal to the Greek Cypriots' Republic in the south of the island."

The problem of the Turkish minority in Bulgaria is another "sensitive" and "crucial" issue. According to Turkish press reports, the Bulgarian Government launched a campaign from December 1984 to March 1985 to force 1.5 million Muslim Turks living in Bulgaria to change their Turkish Muslim names into Slavic names, which was condemned by Turkey as an ethnic assimilation practice. The Bulgarian authorities have rejected Turkey's accusation and argued that the name changes were "voluntary." During his visit, Ozal is expected to ask the Soviet Union to influence the Bulgarian Government to change its policy toward the ethnic Turks in Bulgaria. However, up to now, the Soviet Government has not made any move on this issue. Moscow is most likely to tell the visiting Turkish prime minister that it will not interfere in the internal affairs of other countries. But, the Turkish people anxiously hope that their prime minister will at least be able to persuade the Soviet leaders to allow Mustafa Suleymanov, a Bulgarian Turk, to return to Turkey. Suleymanov fled away from Bulgaria to the Soviet Union in 1984 and has been living as a refugee in the Turkish Embassy in Moscow for almost two years. The Soviet authorities have refused to give him an exit visa. Even on this issue, the Turkish press has doubted that the Soviet Union would accept Turkey's demand. On the contrary, the Soviet leaders might once again ask Turkey to reconsider the reported decision of accepting U.S. plans to modernize nuclear storage sites on the Turkish territory.

On July 16, when Soviet Foreign Minister Eduard Shevardnadze was still visiting London, he warned Turkey at a press conference that the Soviet Union was strongly against the move and urged Turkey "to think twice and reconsider the issue." But it seems that Turkey will not change its decision. In a reply to Moscow, the Turkish authorities explained that what is being done is to upgrade and modernize the existing nuclear bases and that Turkey will not allow anyone to store new nuclear weapons on its soil.

The "TURKISH DAILY NEWS" quoted Turkish sources as saying that the recent Soviet officials' remarks and acts on Cyprus and Turkey's nuclear storage have been regarded as a signal of Soviet determination "that it will not shift from its pre-set foreign policy targets," even if the Turkish prime minister is to visit Moscow.

COMMENTARY ON BRITAIN'S SOUTH AFRICA POLICY

HK280905 Beijing RENMIN RIBAO in Chinese 23 Jul 86 p 6

[Commentary by Chen Tean: "Britain's South Africa Policy Is in a Dilemma"]

[Excerpts] Britain's South Africa policy has recently become the focus of controversy. At London's famous Hyde Park, some tens of thousands of demonstrators protested the government's opposition to sanctions against South Africa. During tension-filled debates at the Lower House, the government's South Africa policy was the target of censure and criticism. Within the 49 member strong Commonwealth, Britain is the lone opposition to sanctions against South Africa and is thus criticized by the Commonwealth countries. [passage omitted]

Indeed, Britain's South Africa policy is now of international concern. Under these circumstances, should Britain continue to adhere to its rigid policy of opposition to sanctions against South Africa, or should it seriously consider the sentiments and wishes of the country and of the world community and change its policy? The choices that Britain faces are difficult.

Under the pressure of world opinion, Britain's South Africa policy is not totally unchanged. However, it is neither certain nor determined to make substantial changes. [passage omitted]

Particularly noteworthy is that in a recent visit to Canada, Prime Minister Margaret Thatcher failed to win support on the South African issue. Howe's lobbying among the southern African frontline states was similarly fruitless. On the contrary, the boycott movement against the Commonwealth Games appears to be gaining strength. According to reports, this development has led to serious concern from the queen who is titular head of the Commonwealth. [passage omitted]

At the same time, the policy of opposition to sanctions against South Africa does not conform with the wishes of the British people. Opinion polls showed that more than two-thirds of the British public advocate sanctions against South Africa. Moreover, it should be noted that the reactionary policy of the Botha administration in South Africa will inevitably lead to overall violent conflicts. Under such a situation, there are reports which said that Prime Minister M. Thatcher has indicated carrying out "soft sanctions" against South Africa. Obviously, if the British Government could follow the tide, adhere to the people's will, and make changes in its position on sanctions against South Africa, it would no doubt be a sensible move. However, to this day, there are still some people in Britain who rule out the possibility of Britain changing its policy on opposition to sanctions against South Africa, and they hope to "persuade" the South African authorities to end apartheid. Naturally, this is a valid fantasy.

ZHAO ZIYANG SENDS MESSAGE TO OAU SUMMIT

OW290830 Beijing XINHUA in English 0802 GMT 29 Jul 86

[Text] Beijing July 29 (XINHUA) -- Chinese Premier Zhao Ziyang has sent a warm congratulatory message to the 22nd session of the conference of the heads of state and government of the Organization of African Unity (OAU) which opened in Addis Ababa Monday.

The message said that since the last OAU summit African countries have kept on "summing up their experience and exploring roads of development suitable to their respective conditions, scoring gratifying achievements in their great efforts to rejuvenate the African economy".

He expressed his belief that the African people would overcome all kinds of difficulties, fulfill step by step the great historic mission of developing their national economies, improving their livelihood and building their respective nations.

The Chinese premier condemned the South African authorities for undermining peace and stability in southern Africa by reinforcing the racist rule, suppressing the South African people, obstructing the independence of Namibia and invading and harassing neighbouring countries.

He said, "at present, the struggle of the South African people against apartheid and the struggle of the Namibian people for national independence are steadily developing in depth and the appeal of the international community for sanctions against the racist regime in South Africa is becoming ever stronger.

"With the solidarity and support of all justice-upholding countries and peoples in the world, the struggle of the South African people and the African peoples at large against racism and colonialism will continue to make headway until the ultimate realization of the complete liberation of the entire African continent," the message said.

Zhao stressed that China "will, as always, firmly support the African people in their noble cause of safeguarding national independence and revitalizing their economies and the just struggles of the South African and Namibian peoples till their final victory."

WU XUEQIAN TALKS WITH LEBANON'S FU'AD AL-TURK

OW281426 Beijing XINHUA in English 1350 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- The Chinese Government supports the Lebanese Government in its efforts to safeguard national independence, sovereignty and territorial integrity, and demands that Israel withdraw all its troops from Lebanon unconditionally.

During a meeting with Fu'ad al-Turk, secretary-general of the Ministry of Foreign Affairs of Lebanon, here today, Chinese State Councillor and Foreign Minister Wu Xueqian said the Chinese Government and people sympathize with the Lebanese people in their present sufferings.

The independence and sovereignty of Lebanon should be fully respected by all parties, Wu said.

Turning to Lebanon's internal situation, he said China hopes that all parties involved will iron out their differences, settle their disputes and restore national unity through peaceful discussions on the basis of the national interest.

He said Sino-Lebanese relations had developed smoothly since the establishment of diplomatic relations between the two countries 15 years ago.

Noting that the two countries hold similar views on the international situation, he expressed the hope that they would develop cooperation in various fields.

Al-Turk thanked China for its sympathy and support for the Lebanese people's just cause, and expressed the belief that his current visit would promote the development of bilateral relations.

He conveyed regards from Lebanese President al-Jumayyil to Chinese President Li Xiannian and invited Wu Xueqian to visit Lebanon at a time convenient to himself. Wu accepted the invitation with pleasure.

After the meeting, Wu answered questions on Sino-Lebanese relations, and the situation in the Middle East and the world as a whole, which were raised by a newsman accompanying al-Turk on the visit.

Al-Turk and his party visited Shanghai, Suzhou and Xian between July 24 and 27. They will leave here for home tomorrow.

HU QILI ATTENDS CHARITY PERFORMANCE FOR AFRICA

OW281933 Beijing XINHUA in English 1734 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- A charity performance of cultural and sports programs was held here tonight by China's seven organizations to collect donations for African people affected by calamities.

Hu Qili, member of the Political Bureau and of Secretariat of the Chinese Communist Party Central Committee, attended the performance given by noted singers, dancers and sportmen from China's 11 major cultural and sports establishments, together with 18,000 spectators.

Hu expressed thanks to diplomatic envoys here from African countries for their presence on the occasion during a meeting with them before the performance.

Hu said the charity evening, which was sponsored by the Chinese People's Association for Friendship With Foreign Countries and other mass organizations of athletes, students, cultural workers and Red Cross, demonstrated the unity between Chinese and African peoples.

Hu thanked the African peoples for supporting China in restoring its membership in the United Nations, in struggle against imperialism and colonialism and in its economic development. "We should also learn from the struggling spirit African peoples have showed before the natural disasters," Hu said.

Hu described the unity between China and other Third World countries as a basic factor for China's foreign policy, adding that China will rank among Third World countries forever. Speaking at the beginning of the performance, Zhang Wenjin, president of the Chinese People's Association for Friendship with Foreign Countries, said that the performance was designed to present Chinese people's sincere feelings towards African peoples.

Also among the audience were State Councillor and Foreign Minister Wu Xueqian, Vice-Chairman of the Standing Committee of the National People's Congress Ye fei, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Zhou Peiyuan, and First Secretary of the Central Committee of the Chinese Youth League Song Defu.

Informed sources said that similar performances would be given in Shanghai between July 30 and August 1. Students in Beijing, Tianjin and Shanghai colleges and middle schools have reportedly appealed to their fellow students to work this summer to earn money to send to Africans as an expression of their friendly feelings for their African brothers and sisters.

MEETING OF MOROCCAN, ISRAELI LEADERS ANALYZED

OW261715 Beijing XINHUA in English 1514 GMT 26 Jul 86

["News Analysis: Morocco-Israel Dialogue and its Repercussions (by Zhao Zhong and Zhang Xiaoying)" -- XINHUA headline]

[Text] Cairo, July 25 (XINHUA) -- Moroccan King Hassan II finally came to a meeting with Israeli Prime Minister Shimon Peres Tuesday at his Ifrane Palace in central Morocco, braving possible strong repercussions from the Arab world. He must have foreseen that chances for a breakthrough to the deadlocked Mideast peace process were slim at present, but he tried, as he said Wednesday in a televised speech, for "success for every Arab."

The meeting between the Moroccan and Israeli leaders shouldn't have been a surprise since Hassan is considered a moderate Arab leader and has always advocated a peaceful solution to the Arab-Israeli confrontation.

Hassan has made tremendous efforts to push forward Arab-Israeli dialogue. He acted as a mediator when most of the Arab countries rejected the late Egyptian President Anwar Sadat's visit to Israel in 1977. His close cooperation with King Fahd of Saudi Arabia has contributed to the adoption of the Fez Resolution, which calls for a peaceful solution to the Arab-Israeli conflict. The Fez Resolution stipulates that peace among all countries in the Mideast region should be maintained by the United Nations, and that Arabs and Israelis have the right to exist.

Hassan seized the opportunity for this meeting before an Israeli cabinet reshuffle occurs in October, when Peres, the Labor Party prime minister, will change jobs with Foreign Minister Yitzhak Shamir, who comes from the hardline Likud Bloc. Although the Israeli Labor Party and Likud Bloc share the same principled stand toward the Palestinian issue, the Labor Party is considered more flexible than Likud. Therefore, Hassan believed it would be better and easier to contact Peres now than to talk with Shamir a few months later.

Hassan's initiative same after the Jordan-Palestine Amman accord on a common approach to the Mideast problem collapsed last February. Jordan's Husayn has asked the Palestine Liberation Organization to accept the United Nations Resolution 242, which refers to the Palestinian issue as a refugee problem. However, the PLO has refused to act accordingly until Palestinian rights to self-determination are guaranteed. King Hassan was certain his move would hurt neither the feelings of Hussein nor that of Yasir 'Arafat, PLO chairman, since both of them favor a peaceful solution to the Mideast problem. In his nationally televised address Wednesday, Hassan said: "I tried, and if I did not succeed, I will not have hurt anyone. If it succeeded, it would be a success for every Arab, and if it failed I would be alone to bear the responsibility."

Morocco has kept informal contacts with Israel because of links between an influential Moroccan community in Israel, which numbers half a million, and 25,000 Jews in Morocco. Peres' visit to Morocco this time was said to be aided by Jews of both countries.

Unlike the unanimous accusation by Arab countries of Al-Sadat's tour to Israel in 1977, many Arab countries were cautious this time in commenting on the Hassan-Peres meeting. Only Syria severed diplomatic ties with Rabat. This shows a tendency among some Arab nations to take a more realistic attitude toward the Arab-Israel conflict. Some diplomatic sources here consider this kind of gradual, if not strong change, in the reaction toward an Arab-Israeli dialogue as of noteworthy significance.

Seen as 'Bold' Step

OW251935 Beijing XINHUA in English 1350 GMT 25 Jul 86

["News Analysis: Israel-Morocco Talks -- A Bold But Divisive Step -- (by Cai Jintang)" -- XINHUA headline]

[Text] Rabat, July 24 (SINHUA) -- The surprise visit of Israeli Premier Shimon Peres to Morocco came as a shock to many Arab leaders, though it was not as stunning as the late Egyptian President Anwar al-Sadat's visit to Israel in 1977. Moroccan King Hassan II described his talks with Peres as a mere dialogue rather than negotiations. However, the initiative was seen by some diplomatic sources here as a bold step by the king to revive the deadlocked Mideast peace process. The Mideast peace process suffered early this year when King Husayn of Jordan suspended the one-year-old Jordan-PLO accord on a common approach to the Mideast problem. The deep-rooted divisions among Arab countries have also contributed to the deadlock.

The Peres-Hassan dialogue, as expected, yielded little. Hassan insisted that the Fes plan adopted at the 12th Arab Summit in 1982, demanding a Palestinian state and Israeli withdrawal from all the occupied Arab land be the only basis for peace.

However, Peres refused to recognize the Palestine Liberation Organization as the sole representative of the Palestinian people and refused to withdraw from occupied Arab territories as required by the plan.

The fruitless dialogue has evoked condemnation from Syria, Libya, Algeria and some Damascus-based, Palestinian organizations. The moderate Arab states, while frowning at it, refrained from using strong words against it, Egypt is the only Arab country that welcomed Peres' visit. Observers noted that the situation now is quite different from that in 1979 when Egypt signed the Camp David Accords with Israel and was then expelled from the Arab League.

PLA AIDS PEACE, ECONOMIC PROGRESS DESPITE CUTS

OW290509 Beijing BEIJING REVIEW in English 28 Jul 86 p 4

["Notes From Editors" article by An Zhiguo: "Army Aids Peace and Economic Progress"]

[Text] Last year, the Chinese Government decided to cut back the size of the People's Liberation Army by 1 million people between 1985 and 1987. The cutback, the only such act in the world for many years, is being carried out on schedule.

The cuts in military personnel are, however, only part of the efforts being made by the Chinese Army towards peace and development. China has also reduced its military expenditures, even though the share of national defence in the country's budget has always been low. The world's military expenditure rose from U.S. \$500 billion in 1980 to U.S. \$800 billion in 1985, with those of the United States and the Soviet Union making up about half of the total. China's military outlays in 1985, however, were equivalent to only U.S. \$6 billion, less than 1 percent of the world total. The proportion of China's military expenditure in its government financial expenditure also dropped from 17.5 percent in 1979 to 10.5 percent in 1985.

China holds that the danger of world war still exists, but that world peace is attainable as the growth of the forces for peace outstrips that of the forces for war. Under such circumstances, strengthening national defence is necessary, but the scale of this construction should be appropriate and the approach defensive rather than offensive. Just as General Secretary Hu Yaobang once said, in general, the security of a nation rests on the unity of its people. People with blind faith in armed strength rely only on arms and endlessly expand those arms to prepare for war. They do so at the expense of their people's welfare and end up damaging the foundations of their nation's security. Understanding this, we have gone all out for socialist modernization, develop social productive forces and improve the people's living standards. China is opposed to the arms race and will never participate in it. And we have taken the initiative in paring down our nation's armed forces.

While reducing arms, the Chinese Government has also ruled that the army contribute to the nation's economic construction. The Army has done so in the following respects:

-- Turning some military facilities over to civilian use. Since 1984, the army has transferred a number of airports, ports, docks, special-purpose railways and warehouses to civil use, or has begun sharing these facilities with local towns or cities. The shift has helped ease the strain on China's communications and transport facilities.

-- Transferring military technology to civilian projects. Begun in 1979, this has achieved marked results. Last year, the output value of civil products turned out by national defence and military industries rose from 10 percent in 1979 to 40 percent.

The Ministry of Nuclear Industry has undertaken all the design work and construction of nuclear power stations planned in China and will also provide nuclear reactors.

The Ministry of Aeronautics Industry has developed many models of airplanes for civilian use.

The Ministry of Astronautics Industry, which now launches carrier rockets and satellites, has turned out large numbers of high-quality civil products that are badly needed in the national economy and competitive on the world market. Fifteen such projects have filled yawning gaps for goods in their respective areas in China. The output value of the ministry's civil products has risen by more than 50 percent in the last two years.

The Ministry of Ordnance Industry, which used to produce guns, cannon and munitions, has, since 1980, increased the number of products it makes for civilian use from 64 to more than 700 in 16 major categories. Among these are bicycles, cameras, refrigerators, washing machines and sewing machines. Last year, it turned out 1.2 million motorcycles, accounting for more than 50 percent of the country's total motorcycle output. To meet the needs of key state projects and those of the people, the ministry has also developed a batch of civil products with fairly high technological levels, such as oil drilling equipment, photoelectric products and demolition equipment for civil use.

-- Direct involvement in economic construction. Between 1981 and 1985, the Army contributed more than 110 million workdays to local construction and helped with more than 44,500 large, medium-sized and small projects.

Since the end of the 1970s, Army personnel have been required to train for combat and civilian jobs as well. The work to train competent people for both military and civil services has become an important component of the Army's education and training routines. During their term of service, soldiers may choose to study such fields as aquaculture, farming, construction, machine repair, driving, literature, public health and medicine, or business management. The training programme has been much welcomed by officers, the rank-and-file, and the public. To date, 650,000 of China's demobilized soldiers have been employed by civilian businesses thanks to the training they received in the Army.

The Chinese Army's multi-faceted efforts are promoting not only the nation's economic development, but world peace as well.

REFORM EFFORTS BRING CHANGES TO ARMED FORCES

HK281143 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0919 GMT 27 Jul 86

["Reforms Have Brought Five Major Changes to China's Armed Forces" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 27 Jul (ZHONGGUO XINWEN SHE) -- The tide of reform is affecting China's military circles, bringing about changes in their military theory, officers' ranks, soldiers' competence, troop management, and personnel-military structure.

A signed article carried in the first issue of SHEHUIXUE YANJIU (SOCIOLOGICAL STUDIES) says that social changes have ushered in a new trend of development in China's Armed Forces.

First, the military theory of the Army is changing from a "closed type" to an "open one." In recent years, having been oriented toward the world and the future, the studies of military theory in China's armed forces have been full of vitality. The Army has changed the practice of building the Army in a closed-door manner. Together with the civilian authorities, it has constantly held discussion meetings on "military operational research," "national defense economics," and "military social psychology," strengthened the Army's institutions for systematic scientific research, and paid close attention to the world's strategic situation. The academics held that the successful historical experience of using "millet plus rifles to defeat the enemy's aircraft and artillery" is no longer an eternal truth under all circumstances and that the Army should be more farsighted in its modernization program. In May last year, China's military academies set up strategic research institutes. By recruiting some foreign academics and nonmilitary experts as research fellows, they have incorporated things of a diverse nature. This has instilled even more vitality in military academic studies.

Second, the contingents of China's military officers are changing from a "spontaneous type" to a "university or college one." In the past, the Chinese Army chiefly relied on those "born and brought up" in military companies for its source of officers. The newly formulated Military Service Law has stipulated that, in ordinary times, replacements of officers on the active list must have received training in colleges or universities. After undergoing training in colleges or universities in the past few years, the quality of officers has substantially improved. According to statistics, one in every four Chinese Air Force pilots has attained the cultural level of a university or college graduate or above; the total number of science and technology cadres in the Chinese Navy with the cultural level of a university or college graduate has increased by 800 percent over that of 1965; and officers at the Army, divisional, and regimental levels in the Chinese ground forces are gradually being replaced by those who have received training at military academies or by university or college graduates.

Moreover, the competence of the Chinese soldiers is also gradually changing from a "physical power type" to an "intellectual one." In the past, the Chinese infantrymen principally received training in "five major skills," such as bayoneting, grenade throwing, and shooting; what was needed from the soldiers was the ability to bear hardships and to stand hard work. It did not matter whether they had a high or low cultural level. Now, the method of training soldiers in "groping one's way, crawling, rolling, and shooting" is no longer suited to the needs of modern warfare. With the development of the Army's technological specialists, a qualified soldier must be provided with much knowledge of natural sciences and general knowledge of modern military science, such as physics, mathematics, chemistry, the theory of nuclear physics, wireless electronics, and remote control mechanics. In the past, the image of a soldier was associated with valor and physical strength; now, it is a combination of spirit, knowledge, ability, and other qualities. A group of soldiers of the "intellectual type," who have both knowledge and creativity, are growing up in the Chinese Army.

After conducting in-depth studies, the academics also said that China's troop management is changing from an "experience type" to a "scientific one." Some traditional methods of troop management are obsolete. Now, the tendency of applying various basic scientific theories in building the military has emerged in some Army units.

Systems science, information theory, and cybernetics have been applied in the routine work of the Army, such as troop management, military and political training, and combat duty. Decision theory, operational research, psychology, pedagogy, physiology, sociology, and simulated experiments have become required courses for military cadres and political work cadres.

Moreover, the personnel-military structure in China's armed forces has shifted from a "bloated type" to a "crack one." The personnel-military structure refers to the proportional relation between personnel and weaponry. It reflects the modernization level of a troop. At present, the various proportions of the Chinese armed forces, such as the proportions between personnel and weapons, between modern military equipment and conventional weapons, between command posts and combat units, between officers and soldiers, and between different arms of the services, are out of balance and irrational. "Troops are valued for their quality, not for their number." After cutting its size by 1 million men and streamlining and reorganizing its structure, the Chinese Army is gradually building itself into a new, modern army of streamlined organization, flexible command, superior equipment, and rapid reaction.

PLA ACCELERATES DUAL-PURPOSE TRAINING SYSTEM

OW280828 Beijing XINHUA Domestic Service in Chinese 0706 GMT 27 Jul 86

[By reporter Gai Yumin]

[Text] Beijing, 27 Jul (XINHUA) -- The PLA has standardized and systematized the training of dual-purpose personnel. As a result, an excellent situation has emerged.

According to statistics of relevant departments, more than 900,000 cadres and fighters throughout the Army have received such training, and over 550,000 of them received qualification certificates as well as certificates with technical titles designated. In recent years, more than 1.05 million retired servicemen who came from the rural areas and who were dual-purpose personnel have been recommended for employment across the country. They actively play a vital role on the various fronts.

Deng Xiaoping, chairman of the Central Military Commission, has called on the Army to train cadres and fighters into dual-purpose personnel who can fight as well as practice socialist construction under the new historical conditions. In accordance with this demand, various Army units have actively conducted education and training reform and vigorously stepped up work on training of dual-purpose personnel. Many units have gradually incorporated the training of dual-purpose personnel into regular education and training, and compiled training guidelines for integrated educational training in military affairs, politics, science, culture, and civilian technology. Fighters who have completed 2 years of military service are given time to study civilian technology. Training bases have been set up and improved step by step. Teaching facilities, workshops for practice, and a comparatively stable teaching staff have been built. Rules and regulations have also been drawn up. Various PLA units have also solicited local support and assistance in training dual-purpose personnel.

Along with activities for building spiritual civilization jointly by the military and the people, the training of dual-purpose personnel has gained momentum. Various PLA units also take seriously the economic situation of the fighters' families and information on market demand for the types of personnel.

In this way, fighters can be trained according to demand so that they can better serve local economic construction after demobilization and their return to the rural areas. Local governments at various levels have accelerated work to provide employment for the retired servicemen who are dual-purpose personnel. There are now over 1,900 counties and cities with dual-purpose personnel service offices for retired servicemen. Thus, we can combine the training of dual-purpose personnel by the military and their employment by the localities.

To further promote this work, the Army recently intensively studied and popularized the experience of a certain division under the Nanjing Military Region in conducting integrated dual-purpose educational training. Party committees at all Army levels have unified leadership over the work. The military and government leaders have personally taken charge of the work. The headquarters, political, and logistics departments have coordinated efforts to the study of civilian technology a part of educational training, along with military training, political education, and the study of science and culture. They have also unified plans to carry out the work in an organized manner, and launched the work of training dual-purpose personnel into a new stage.

PLA AIR FORCE IMPROVES TECHNICAL TRAINING

OW281222 Beijing XINHUA Domestic Service in Chinese 0652 GMT 28 Jul 86

[By reporter Sun Maoqin]

[Excerpts] Beijing, 28 Jul (XINHUA) -- During the first half of this year, air units of the PLA Air Force achieved equal results in fulfilling the four targets of flying time, flying progress, flying quality, and flying safety, and made gradual progress in regularizing and systematizing the training of assorted technical troops. [passage omitted]

On the basis of separate training for new and veteran aviators, air units of the Air Force this year further reformed and readjusted the structure of aviation training by forming aviation divisions in which new fliers who graduated from aviation schools received training. This has provided all the air units of the Air Force with a new experience in expediting the restructuring of training.

Keeping the requirements for shorter training periods and better training quality and future needs in mind, the various Air Force units reformed the substance of training for aviators of different types of airplanes and drew up new general guidelines for training. This has greatly improved the quality of the training of new aviators.

Reform of the substance of training for veteran aviators was mainly conducted around assigned operations and focused on new warfare drills. From January to June this year, all air units conducted extensive training missions with a high degree of difficulty in complex meteorological flights, night aviation, air raids, and hedgehopping, while scores of air units successfully took part in combined drills and maneuvers on different scales.

At present, Air Force units have in their possession a complete set of simulated training gear peculiar to the Chinese Air Force.

Air units have also begun to use electronic and laser simulated training equipment. This constitutes a great step forward in modernizing the training methods. In the meantime, microcomputers, as an advanced technology, have been extensively used by the Air Force units. [passage omitted]

PLA ENGINEERING CORPS USES MODERN EQUIPMENT

OW271130 Beijing XINHUA in English 1109 GMT 27 Jul 86

[Text] Beijing, July 27 (XINHUA) -- The Engineering Corps of the Chinese Army has been equipped with modern facilities, thus, bidding farewell to the manual operation with picks and spades the soldiers have used for a half century, the OUTLOOK WEEKLY to be issued tomorrow reported.

The weekly said that productivity of the Engineering Corps has jumped two to three times, compared to that in late 1970s. When more than 100 sections of road sank near the Sino-Vietnamese border last summer, a unit of the Engineering Corps rushed to repair the road and it re-opened to traffic soon despite the gunfire of the Vietnamese troops.

As a technology-intensive troop, the Engineering Corps comprises specialized units for construction of military projects, pontoon bridges, camouflage, water supply in battlefield and maintenance of projects.

In addition to ordinary projects, the corps can overcome or install various artificial barriers including mine fields, build sophisticated field projects and provide protective means against enemy's reconnaissance by visible light, infrared and radar apparatus.

The weekly also disclosed that the corps can camouflage various military facilities including headquarters, rocket launching pads, communication hubs, roads and airports while building pseudo targets to confuse the enemy.

The Chinese troops are able to lay mines with rocket guns, machines and aeroplanes and clear mines with rockets or machines.

When constructing a bridge, a special vehicle equipped with transit and laser instruments can automatically measure the water floating speed, depth, and draw and section chart of the river. Today's bridge builders include special trucks, tanks and other machines. A tank can complete construction of an 18-meter bridge in five minutes.

Band floating bridges has been spanned over major rivers in China. [sentence as received] Experts said that only the Soviet Union, the United States, France, Federal Germany and China can manufacture the facilities for construction of band floating bridges.

PLA HELPS WITH HENAN, SHANDONG PROJECTS

OW280930 Beijing XINHUA in English 0753 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- Units of the Chinese People's Liberation Army in Henan and Shandong provinces are working in a major water diversion project and 11 other key construction efforts, military officials said today.

"These are the largest projects the PLA has ever been involved in in terms of personnel and scale," an official told XINHUA today.

The projects include diversion of water from the Yellow River to the Shandong City of Qingdao, where water shortage is acute, construction of approaches to the Yellow River highway bridge near Zhengzhou in Henan Province, and building of a reservoir and highway in Shengli oilfield on the Shandong coast. Shengli is China's second most important source of oil.

One official said the PLA is helpful in such projects because today's soldiers "continue the tradition of working hard developed during the revolutionary wars and are used to battling difficult conditions."

To complete the earth moving work of the project to divert the Yellow River water before high-water season this year, the PLA "organized 30 shock brigades to rush completion of the early-phase project," the official said.

Praised as "especially capable fighters" by their leaders, the soldiers also won the gratitude of local residents, who presented them with silk banners thanking them for "bringing benefit to the people" and making "immortal contributions to the people."

CYL ORGANS RESTRUCTURED UNDER PLA DEPARTMENTS

OW290017 Beijing XINHUA Domestic Service in Chinese 0817 GMT 28 Jul 86

[Text] Beijing, 28 Jul (XINHUA) -- The PLA General Political Department recently decided to set up CYL committees at elementary command institutes and vocational and technical schools extensively throughout the Army, and to change the departmental CYL work committees at intermediate and advanced command institutes to basic CYL committees.

The military academies have set up departmental CYL work committees since the 1930's. The situation and the composition of student at military academies have undergone great changes since those days. Restructuring management of CYL organs at military academies is in line with the need to launch youth work and build CYL organs in the new period.

SOLDIERS IN REMOTE AREAS GET COLLEGE EDUCATION

OW281728 Beijing XINHUA in English 1530 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- More than 500 Army officers and soldiers stationed on remote sea islands have acquired university certificates thanks to help from colleges in northeast China.

These officers and soldiers are on the Waichangshan Archipelago in the Yellow Sea. Far from the mainland, they had much difficulty not only in living, but in studying.

Three years ago, they wrote a letter to six universities and colleges in Liaoning Province including Liaoning University and Laioning Normal College, asking them to set up university courses on the islands.

Their appeal got a warm response. The colleges sent several batches of professors and teachers to the islands to listen to the soldiers' problems and draw up teaching plans.

A comprehensive curriculum was worked out, and courses including political science, history, Chinese language, machine building, foreign trade and commercial economy were offered on the spot.

So far, 32 professors and teachers from these colleges have toured the islands to give lectures and correct homework.

After three years of studying, more than 500 officers and soldiers who took the courses have received university certificates for two to six special subjects, and another 30 acquired certificates for as many as 12 subjects.

Encouraged by their students' eagerness and good scores, the six colleges have now set up a long-term teaching plan so that more officers and soldiers will have the chance of receiving college education.

CULTURE MINISTER WANG MENG DISCUSSES NEW NOVEL

HK280544 Beijing CHINA DAILY in English 28 Jul 86 p 5

[By Lu Chao]

[Text] Wang Meng, a popular writer in China and the newly-appointed Minister of Culture, published a new novel recently which sparked a heated debate in Chinese literary circles.

The novel "The Metamorphosis of Human Nature," describes the vicissitudes of an intellectual and his family during the Japanese occupation in the 1930's and after the liberation of 1949. However the author does not simply repeat the old themes -- of the suffering of the Chinese people under the yoke of the Japanese invaders and the happiness after liberation. Instead, he focuses on the exploration of human nature and the intricacies of human relationships, thus giving the novel a realistic and artistic treatment that is both inspiring and thought-provoking for his readers.

With sharp insights, Wang Meng offers a revealing glimpse of the social and inner conflicts of individuals in the face of the collision between Chinese and Western cultures.

In the book, Ni Wucheng, a college lecturer who has studied in Europe, says that "the only way out for China is to be Westernized." He finds it hard to up with his native land, which he says is "imbued with brutality, ignorance, and dirt." He always wishes that he had been born in a foreign city like Paris, Vienna, New York or Venice. He names his son Ni Zao, simply because it sounds like "Good Morning" in English, which, he thinks, is a sign of "European civilization." With only a few pennies left in his pocket, he buys a thermometer instead of bread to bring back to this hungry family to show his "enlightenment." Of course, his unorthodox thoughts and deeds meet with severe opposition from his wife Jingyi, her mother and her sister, all of whom are rigid guardians of traditional Chinese ways of living.

The author satirizes and rebukes Ni Wucheng's blind worship of everything foreign, as well as the women's ignorance of Western civilization. At the same time, he also reveals his sympathy for both sides. "They are both victims of China's feudal cultural," Wang said in a recent interview.

Amiable and quick-witted, Wang, 52, talks in a manner more akin to a novelist than a minister. "This is so far the most important work of my writing career," he said. The novel represents his efforts to portray Chinese intellectuals who woke up to Western culture and ideology after the May 4th Movement of 1919. In the past, many works on the same theme, including Ba Jin's well-known novel "Family," drew a clear-cut distinction between the enlightened intellectuals and conventional forces. But Wang graphically depicts a conflicting personality, a man burdened with guilt, isolation and anxiety, making a futile search for national and self-salvation. "I tried to probe into Chinese history from the perspective of feudal cultural bondage, abnormal human nature and psychology," Wang told CHINA DAILY.

Wang started to write the novel in the spring of 1984, but it was not until last year, when he spent two months of solid writing, that he managed to finish it. "I lived in a shabby temple on Beijing's outskirts for a month to create a suitable setting for my imagination. I seemed to be able to go back to the miserable days of Old China and was often struck by bursts of madness," he recalled.

At a recent meeting between Beijing's literary figures to discuss Wang's novel, Liu Zaifu, chief of the Literary Institute under the Chinese Academy of Social Sciences, spoke highly of its ideological content and artistic value. "The book records the hardship Chinese intellectuals have endured in this century. It is a monumental work."

Wang is known for his "essay-style" writing. Some of his colleagues doubted if his style could be applied to writing a novel. But his recent work has proved the success of this format.

Liu Xinwu, a well-known writer, argues that the novel conveys a sense of "national self-introspection" because it tries to expose the seamy sides of the Chinese cultural heritage.

Asked why he shifted his focus from modern time themes to a historical topic, Wang said, "Because China is now opening to Western cultures, some people are still haunted by feudal ideas -- like Ni Wucheng and his wife."

During the 1950's Wang was one of a group of promising and daring young Chinese writers, but his literary career was wrecked after 1956 when he published "The Newcomer in the Organization Department," a short story highly critical of bureaucracy.

He did not begin publishing again until 1979, but has so far published more than 2.5 million words in novel, essay and commentary form. In 1981 he won a national prize for his novelette "Butterfly."

After his appointment as Minister of Culture in June, many readers worried that he would be too preoccupied with his official routine to write anything. "Of course, it takes me the bulk of my time to get down to my new work. At the same time, I still plan to write something, short pieces for the time being. But one thing is for sure, I have not, and will never, put down my pen," he said.

CULTURE MINISTER, VICE MINISTERS PROFILED

HK221306 Beijing RENMIN RIBAO Overseas Edition in Chinese 21 Jul 86 p 4

["News reference": "Brief Biographies of Culture Minister, Vice Ministers"]

[Text] Minister Wang Meng: Minister Wang Meng, 51, is a prolific writer who has experienced ups and downs in his writing career. He joined the CPC at the age of 14. In 1957 he was accused of attacking the party and wrongly branded as a rightist because he published a novel -- "The Newcomers in the Organization Department" which criticized bureaucracy. After being rehabilitated in 1979, he returned to the literary arena. Since then he has published a number of novels, essays, and commentaries one after another, which total 3 million Chinese characters. His "The Most Precious," "The Heart of a Young Blade of Grass," and "The Voice of Spring" have won national best short-story awards. After being appointed as the minister of culture, some of his friends in the literary world were worried: Can he manage to carry out his creative activities? Being an "official," will he forget his colleagues in the literature and art community? Wang Meng's answer was to "be both an official and a writer." In the last few months, he has persisted in creative writing no matter how busy he was with his work. He has finished six or seven medium-length and short stories, such as "Poetic Painting of Painter 'Sha Te' [3097 3676]" "Under the Wheel," and "Sea Gulls" in his series "Newcomers From the Mainland." He has also published essays, fables, and poems. He is skilled in writing novels. Though he is busily engaged, he has still managed to publish dozen of poems at a stretch. His poetic creation has reached a climax.

Executive Vice Minister Gao Zhanxiang: Executive Vice Minister Gao Zhanxiang, 51, was a member of the secretariat of the CYL Central Committee and deputy secretary of the Henan Provincial CPC Committee. He is an amateur writer who comes from a printing worker's family. He has loved literature and art since his childhood. Now he is member of the China Writers Association and of the China Calligraphers Association. This year he published two books: "A Collection of Watering Flowers" and "A Free Discussion on the Art of Leadership." The two books are mostly literature and art commentaries, essays, and random thoughts in connection with his work.

Vice Minister Liu Deyou: Liu Deyou, Vice Minister in charge of foreign cultural exchange work, 55, has a good command of Japanese. He was chief reporter of the XINHUA NEWS AGENCY stationed in Japan. After returning home, he was appointed as deputy director of the foreign languages bureau and assistance minister. He has done translation work for years. Recently he asked to be relieved of his post as secretary-general of the translators association because he was too busily engaged in his work. However, he will still continue his translation work.

Vice Minister Ying Ruocheng: Ying Ruocheng, Vice Minister in charge of the art sector, 56, was a brilliant student of Qinghua University's Foreign Languages Department and a celebrated actor and performance artist of the Beijing People's Art Theatre. He portrayed many moving and unforgettable images on the stage and screen such as the interpreter in the film "Norman Bethune" and Kublika, emperor of the Yuan Dynasty, in the film "Marco Polo." In recent years, he has been enthusiastic in promoting cultural exchanges with foreign countries, thus attracting wide attention at home and abroad.

Vice Minister Song Muwen: Before taking up the pose of vice minister, Song Muwen, 56, was deputy director of the publication bureau. He has served in the cultural departments for a considerably long time. It is said that in a poll conducted in the Ministry of Culture the year before last, he was elected by the cultural community one of the candidates for the minister of culture. At present he is in charge of the work of publication, libraries, mass culture, art, education, and organizational affairs.

BEIJING DISCIPLINES ERRING PARTY MEMBERS

HK280626 Beijing CHINA DAILY in English 28 Jul 86 p 5

[By staff reporter Nie Lisheng]

[Text] More than 50 party members were disciplined in Beijing in the first half of this year as the municipal party authorities intensified their efforts to penalize those who used their power to seek personal gain.

Eight of them have been expelled from the Party, two sentenced to imprisonment and about 40 others have been either dismissed from their leading posts, put on probation or given disciplinary warnings within the Party, according to Li Zhijian, Vice-Director of the Propaganda Department under the Beijing Municipal Party Committee.

He told a press conference at the weekend that 19 of those penalized were leaders at county or municipal levels in the on-going party consolidation campaign, which has been stepped up since last August. The city decided then to focus its efforts on the malpractices of some party members who took advantage of their administrative positions in some service trades to extort bribes and funds.

From January to June, Li said, the Municipal Party Disciplinary Inspection Commission investigated 1,050 cases of disciplinary violations, including 57 cases involving large sums of money.

On July 13, for instance, Ma Shusheng, Vice-Director of the Beijing Municipal Power Supply Bureau and three other veteran Party cadres, were reported to have been arrested pending trial on charges of embezzling public funds or taking bribes. On the strength of his control over electricity distribution, Ma was found to have extorted thousands of yuan or Hong Kong dollars from his company's clientele.

Earlier this year, Ma Xueliang, former director of the Municipal Public Utility Bureau, and Huang Yuqian, former Party Secretary of Beijing Gas Company's pipeline agency, were sentenced to prison for six and 15 years respectively for similar corrupt practices of seeking personal profit by abusing their power over gas supply.

Since October 1983, Li told reporters, 330,000 of a total of some 780,000 party members in the city had so far passed the disciplinary inspection during the current party rectification campaign. The rest of them would be covered by May next year when the campaign is due to be completed.

Li said the city had also successfully checked the unhealthy practice of Party and government organs opening their own profitable businesses. By the end of June, 204 of a total of 413 such companies or enterprises had been closed, while the other 209 had severed their party or government connections and were now being run as independent entities.

TRIAL JUDGE EXPELLED FROM CPC FOR TAKING BRIBES

HK291322 Hong Kong AFP in English 1206 GMT 28 Jul 86

[Text] Beijing, July 28 (AFP) -- A trial court judge in Shanghai has been expelled from the Chinese Communist Party for accepting more than 3,000 yuan (815 dollars) in bribes, a Shanghai daily has reported.

The judge, Wu Chunhua, received the money between 1979 and 1985 from Chinese seeking to be rehabilitated, the XINMIN WANBAO newspaper received in Beijing Monday said. In November, sensing that his actions might be exposed, the judge struck a deal with his so-called "clients" in order to protect himself, the newspaper said. Later, after he was arrested, he denied any wrongdoing, but slowly changed his mind and finally admitted his mistakes, it said.

The Communist Party's Discipline Committee approved Mr. Wu's conviction and published a directive calling on all party cadres to draw lessons from the affair.

XINMIN WANBAO did not disclose whether Mr. Wu retained his judgeship. Since the beginning of the year, China has been several cases of corruption and other economic scandals involving party cadres.

RENMIN RIBAO ON PARTY STYLE, LEGAL SYSTEM

HK281256 Beijing RENMIN RIBAO in Chinese 25 Jul 86 p 1

[Commentator's article: "Correcting the Party Style and Strengthening the Legal System"]

[Text] Rectifying party style and strengthening the legal system are two closely related things, but they have essential differences.

They are closely related, because our party is a ruling party and the leadership core of the whole nation. A good party style is a major guarantee for a sound legal system; and a bad party style is bound to disintegrate the legal system in our country. In turn, a sound legal system will effectively check and prevent the unhealthy things in party style; and a poor legal system will simply encourage those corrupt party members and cadres to engage in unbridled irregular activities. In the past 6 months since the CPC Central Committee Secretariat held a 8,000-people meeting in January, the work of straightening out party style has achieved marked results. An important step is to seriously deal the major cases which violated party discipline and state law. The handling of these cases has promoted healthy tendencies, enforced party discipline, strengthened the legal system, and convinced party members and the masses of the hopeful prospect of bringing about a fundamental turn for the better in our party style and public conduct.

However, there are essential differences between the rectification of party style and the strengthening of the legal system. The party style problem refers to party members' violation of the party Constitution and party discipline. If a party member's action goes beyond the scope the party Constitution and party discipline and violates state laws, then party disciplinary measures are not enough and they should be punished according to state law. Party members' lawbreaking actions should not be regarded as a party style problem, and party disciplinary measures should not replace legal actions. On the other hand, many people who are involved in unhealthy tendencies or in illegal activities are not party members, and party discipline does not apply to them. They should be handled by the judicial organs according to law. The ruling party has responsibility for taking measures to deal with the unhealthy tendencies in society, but these unhealthy tendencies should not be included in the scope of "incorrect party style."

We still need to make painstaking efforts to bring about the situation in which party members abide by party discipline and all citizens (including party members) observe state laws. Apart from enacting a sound system of laws and regulations, we must strengthen discipline education among party members and legal system education among all citizens. Recently, Comrade Deng Xiaoping pointed out when talking about rectifying party style and correcting the unhealthy tendencies: "At present, our efforts should be focused on rectifying party style, but our overall work is to build the legal system. An important thing is strengthening the legal system is education. The fundamental way is to educate people."

In the course of rectifying party style, we also stress the strengthening of the legal system. There is a need for the in-depth development of rectifying party style. The CPC should also act within the limits of the Constitution and state laws. Party members not only must abide by party discipline, but also must observe state laws in an exemplary way. Party leading cadres at all levels should set a good example in studying law, observing law, and enforcing laws. Recently, central leading comrades attended law lectures in the capacity of ordinary students in order to study the law. This is a concrete action of the party central leadership in attaching importance to the legal system.

RENMIN RIBAO ON COMMUNIST, SOCIALIST PRACTICE

HK281357 Beijing RENMIN RIBAO in Chinese 21 Jul 86 p 5

["Exploration and Contention" column by He Kuang. "It Should Preferably Be Summarized as Socialist Practice"]

[Text] Before entering the stage of building communism, should the revolutionary (construction) practice in our country be summarized as communist practice, or socialist practice? A correct answer to this question is of vital significance in both theory and practice.

One of the four basic principles we uphold is the principle of socialism. The two civilizations we are building are: 1) socialist material civilization; 2) socialist spiritual civilization. The socialism we are building is Chinese-style socialism which integrates the basic principles of Marxism with practical reality in China. What we are creating is a new situation in socialist modernization.

If we turn all these into communism, the following situation will occur; upholding communism; building communist material and spiritual civilizations; building Chinese-style communism; and creating a new situation in the building of communist modernization. It is not difficult to imagine that such a change occurring in our documents and propaganda will produce unprecedented chaos in the entire party, and the thinking and practical life of the people throughout the country!

Why is such change not allowed?

This issue should be approached from a historical viewpoint of development.

In modern socialist documents, no distinction was made between the concept of communism and that of socialism for a long period of time. They were interchangeable, and referred to the new society in the future after the destruction of capitalism. When Marx wrote "Critique of the Gotha Program" in 1875, he proposed for the first time the two stages of communist society. However, he did not call the first stage, or elementary stage of communist society socialism. Thereafter, just as Lenin pointed out, the first stage is generally called socialism. Communism, as a social system, is differentiated from socialism. This is a great development in the theory of scientific socialism. The practice of scores of years in socialist countries has fully proved the truthfulness of such development. Under the new historical conditions, if we still fail to differentiate socialism as a social system from communism, lump them together, and call them communism as we did in the past, or in the 19th century, we are theoretically ignorant, or backward. This means we are so backward that we fail to recognize, or attach importance to the scientific theory and the importance of revolutionary practical activities of differentiating communism from socialism.

In view of the above-mentioned review and analysis, I maintain that we should preferably summarize our present revolutionary (construction) practice as socialist practice. Only thus can we avoid lumping communism and socialism together.

Saying that our present practice is socialist practice is beneficial to differentiating ideals from reality. Scores of years after the October Socialist Revolution, socialism was turned from ideals into reality in some countries. The practice of scores of years has proved that socialism is not a transient stage. A comparatively long historical process is needed for the transition from socialism to communism, and for turning ideals into reality. We are not allowed to skip necessary historical stages, and regard ideals as reality. In the present society, socialist society, we are not allowed to do things which should be done in the future ideal society, communist society. Therefore, to keep a cool head, and avoid sinking into the "leftist" mire, we should stress that we are practicing socialism, and that socialism is what we should practice.

Furthermore, saying that our practice is socialist practice is beneficial to integrating practice with policies. Policy stems from practice, is tested by practice, and develops with practice. The policies pursued during the new democratic revolution owed their existence to the revolutionary practice then. In addition, these policies, tested by this practice, also develop with this practice. Today, at the socialist stage, we are pursuing socialist policies, which have stemmed from socialist practice. These policies, being tested by socialist practice, are developing this socialist practice.

Here, it is very easy to understand the unification between practice and policy. Of course, such unification can be expressed in another way. For instance, we may say that our communist practice means communist practice based on the completion of the first stage of communism. Our communist policy is a communist policy based on the completion of the first stage of communism. The unification between practice and policy is thus shown. However, such unification is not only backward, but also difficult to understand. It might also mislead people so that they keep saying we are implementing communist policy. This deviates from the reality in our socialist life.

We stress that our present practice is socialist practice, rather than communist practice. Does this not mean that we negate the role of the communist ideological system? The answer is no. Does this not mean that the realization of a communist system will be put off? The answer is also no.

At the stage of democratic revolution, if our party failed to stress the difference between democratic revolution and socialist revolution; if it failed to write a new article well before the old one was finished; if it emphasized only the unanimity of the two revolutions and writing two articles simultaneously, and the theory of the so-called "accomplishing the whole task at one stroke"; and if it led the revolution in such a way, it could be imagined that the revolution could only end up in failure. It would have been impossible to score success in the democratic revolution, still less turning socialist ideals into reality. The practical reality is when a democratic revolution is carried out more smoothly and more thoroughly, socialism is nearer to us rather than getting farther and farther from us. Did the victories in the Chinese democratic revolution and socialist revolution not prove this truth?

Today, when we are stressing the differences between socialism and communism, we should, first of all write well the article of socialism. We should constantly sum up the practical experience of socialism, constantly improve and give play to the role of our economic, political and cultural systems, which serve to demonstrate the superiority of socialism. We should speed up the accomplishment of the most fundamental socialist task -- developing socialist productive forces. We can say with full confidence that as long as we build socialism in an all-round way with one heart and mind, we will be getting nearer and nearer to the realization of communism -- the ultimate goal of our party. Communism will not be far from us.

This is how revolutionary dialectics stand!

LIAOWANG ON 'STEADY PROGRESS' IN OPENING UP

HK270830 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 29, 21 Jul 86

[Article by Li Qin and Hu Junkai: "China Makes Steady Progress in Opening to the Outside World"]

[Excerpts] What are the current conditions of China's special economic zones and coastal open cities? What difficulties have they met with, and what mistakes have emerged in the course of opening up to the world? Has interest in investment of foreign businessmen waned? Opinions are many, and differ both at home and abroad. In recent months, the reporters have been to Shenzhen, Zhuhai, and Xiamen and visited several coastal open cities. Then back in Beijing, they visited the Special Economic Zones [SEZ] office under the State Council, seeking truthful answers to these questions in an attempt to arrive at a prospective through which we can see the general trend of China in steadily pushing forward the policy of opening up the world.

The 4 SEZ's Entering Upon a New Phase of Blazing New Trails

The four SEZ's of Shenzhen, Zhuhai, Shantou, and Xiamen have entered upon a new phase of blazing new trails from an initial stage over the past 6 years.

First, the investment environments are becoming more and more complete and perfect with each passing day. Statistics of a relevant department show that in 1985, the investment completed in capital construction of the four SEZ's grew by 88.3 percent from the previous years. In the Shenzhen SEZ, the total acreage developed and constructed upon is now 47.6 sq km, new road with a total length of 53.3 km has been built in the urban areas, and 14,000 lines of program-controlled telephones are installed, and direct long-distance can now be put through with more than 10 major cities at home and abroad. In Xiamen SEZ, the first-stage project of the Huli industrial district has already been completed. Ten standardized industrial buildings and a residential district with a total floor space of 120,000 square meters have been erected. At the same time, both the first-stage project of Dongdugong wharf and the land reclamation program along the sea for prolonging the runway of the Xiamen airport have been completed, and the emergency power plant with a capacity of 75,000 kw as well as a waterworks with a capacity of processing 60,000 tons daily have consecutively put into production.

Second, foreign capital absorbed and utilized has somewhat increased. In 1985, 1,970 contracts of all descriptions on utilizing foreign capital were signed, up 10.8 percent from the previous year. Through negotiation, the total investment of foreign businessmen was \$1.47 billion, up 53.1 percent from the previous year. The actual investment volume of foreign businessmen was \$440 million, up 13.23 percent from the previous year. According to the responsible person of the SEZ's office under the State Council, the two characteristics of the four SEZ's in utilizing foreign capital are: 1) The proportion of industrial investment has risen. In Shenzhen, industrial investment with foreign capital accounts for 44.6 percent of the total volume of foreign capital utilized, ranking top of all trades. In Shantou, industry with foreign capital accounts for 60 percent of the total volume of foreign capital utilized, which is quite remarkable. The number of contracts signed in industrial projects grew by 22 percent from the previous year. Most of these projects belong to the extrovert type, with their products chiefly for export. And 2) A number of knowledge and technology intensive-type projects are imported with selection, as well as some projects in shortage present in China's hinterland.

And third, their capability of bringing in foreign currencies through export has improved. In Shenzhen, 147 industrial enterprises were producing for export, with more than 200 items of their products entering the overseas market, and the output value of export industrial goods grew by 96.7 percent from the previous year, of which the output value of export goods of Shekou industrial district accounted for 69 percent of the total industrial output value of the whole industrial district. In Zhuhai SEZ, most of the products of 65 of its factories are for export. [passage omitted]

The economies of the four SEZ's are continuously growing. Their gross industrial output value grew by 43 percent from the previous year. [paragraph continues]

Agriculture, commerce, foreign trade, and tourist industries have also developed considerably. Turnover of social retail grew 58.2 percent from the previous year, and the local budgetary financial revenues grew 50 percent and more from the previous year; among them, Shenzhen and Zhuhai increased by more than 70 percent. In Shantou, the accumulated taxes and profits handed over to the state and the withdrawal of currency from circulation accounted for more than half of the city's entire investment in capital construction. When focusing on building the Huli industrial district, Xiamen has firmly grasped the technical transformation of old enterprises, with more than 100 million yuan already invested. Now 42 such projects are put into production, and its gross industrial output value grew 44.5 percent from the previous year and the taxes and profits of industrial enterprises handed over to the state grew by around 40 percent.

Coastal Open Cities Take on New Vitality

In May 1985, China decided to further open to the world 14 port cities along the coast. The foreign economic relations and the entire economic work of these cities have taken on new vitality. [passage omitted]

-- Certain accomplishments have been scored in absorbing foreign capital and the direct investment of foreign businessmen. Two years ago, with the exception of Guangzhou, Shanghai, and Tianjin, few of the coastal open cities utilized foreign capital and invited direct investment of foreign businessmen. Today, the 14 coastal open cities have signed a total of more than 1,200 contracts on joint ventures, non-equity joint ventures, and enterprises with sole foreign investment. Foreign businessmen have promised to invest \$2.9 billion in these enterprises, with \$500 million already invested, which is four times the accumulated volume in the 5 years prior to 1983. Of the 53 enterprises with direct investment of foreign businessmen in Shanghai, 29 have an export volume accounting for 50 percent of their products, which brought in \$50 million in hard currencies in 1985. The 31 joint ventures in Tianjin put into production for more than 6 months had a balance in foreign currencies with a little surplus in 1985 and have bright prospects in their development.

-- Initial steps are made meticulously in economic and technological development districts. In order to concentrate the absorption and utilization of foreign capital and to import knowledge and technology intensive-type projects, 11 of the 14 coastal open cities set up economic and technological development districts at the turn of 1985. The total acreage of the development districts are 114 sq km, with 12 sq km in the first-stage development and construction. A total investment of 940 million yuan was made in the 11 economic and technological development districts in 1985. At present, the majority of these development districts have already acquired the conditions for factory building.

What Are the Mistakes and Problems?

Because of lack of experience, the SEZ's and coastal open cities have, for a time, been too hasty in their requirements. Their tentative planning was a bit outsized, their work has not been so meticulous, and some of their projects have not been appropriately selected. It is just natural that some mistakes and problems have emerged. Generally speaking, they are:

1. The macroeconomic control system has failed to suit the development of economic activities. The functional departments of economic control have not given play to the supervising role of the economic levers and control. There are too many tiers in administration when work efficiency is low, and a good solution for the phenomenon of arguing back and forth between departments has not yet been found. In the SEZ's, speculation of foreign currencies has emerged, as well as the phenomena of selling restricted imported commodities to the hinterland and going in for illegal operation.

2. The legal system is not complete and perfect enough; economic legislature is lagging behind in particular. Some departments have increased their charges arbitrarily, which makes the production cost of enterprises soar and results in countering, to various degrees, the preferential treatment of the SEZ's and coastal open cities in their low tax rate and tax exemption period and affecting the interests of overseas investors.

3. Weakness in overall planning. Repeated import and construction have taken place in coastal open cities. The industrial construction in some SEZ's is not rational enough, leading to a weak industrial base. For example, the output value of the machine-building industry accounts for only about 5 percent of its gross industrial output value, but the output value of its electronic industry should account for 50 percent, which seems overexpanded. Moreover, the majority of the electronics industry entails assembling foreign parts, and few could produce their own parts and basic parts.

4. The capability of enterprises for bringing in foreign currencies is weak, and the result is the difficulty in achieving a balance in foreign currencies. The lack of qualified people, senior scientists and technicians in particular, as well as in economic management and foreign trade, has answered for certain difficulties in the production and management of many enterprises.

and 5. The scope of capital construction is too big, and when the state was tightening its grip on money supply in 1985, there was some strain in the circulation of funds and energy resources.

The responsible person of the SEZ's office under the state Council told the reporters that some of these problems took place in the stage of development, others had their root in the lack of experience, and still others were mistakes in work.

These problems have basically been solved or will be solved as soon as possible.

New Measures Will Come To The Forefront, Foreign Businessmen Will Have Profits To Make

Statistics of the Ministry of Foreign Economic Relations and Trade show that by the end of April 1986, the number of joint ventures, non-equity joint ventures, and enterprises with sole foreign investment had increased to more than 6,000. The Chinese Government has, in recent years, consecutively drawn up a number of documents, laws, and regulations to guarantee the interests of these enterprises. It is learned that the Chinese Government will publish, in the near future, updated measures concerning joint ventures, non-equity joint ventures, and enterprises with sole foreign investment, with greater preferential benefits given to overseas investors, which include the following aspects:

-- Regarding all localities and departments resolutely implementing the laws and regulations published by the Chinese Government as well the principles, policies, measures, and methods explicitly defined in the relevant documents issued by the State Council.

The Chinese Government will help joint ventures, non-equity joint ventures, and enterprises with sole foreign investment to ease such channels as man, materials, and financial resources as well supply, production, and marketing. Examination of the implementation of contracts already approved should be strengthened. When responsibilities for things rest on the foreign parties, we should urge them to earnestly implement the contracts; when the responsibilities rest on the Chinese parties, priority should be given to make arrangement for them within the realm of their authorities and plans. Regarding the personnel system, the right to invite and to remove personnel and employing workers and staff according to their ability without restriction by enterprises with foreign investment will be guaranteed. The establishment of cadres and workers based on the needs of production and operation should not be subject to proportional restriction.

-- Regarding registered joint ventures under construction, relevant localities and departments should implement the arrangement for the share of investment of the Chinese parties from the indexes of fixed assets investment approved by the state. Foreign loans may be borrowed as capital of the Chinese parties, provided the economic results of such joint ventures are ideal. The People's Bank of China and the Bank of China should appropriately increase the volume of loans for circulation funds, to be used focally on joint ventures importing advanced technologies, which products may bring in foreign currencies through export, in support of their rational needs in circulation funds in the course of production and operation.

-- Products that China needs to import should be adopted in priority when they can be produced by enterprises with foreign investment. When enterprises of foreign investment find clients in the domestic market, the accounts can be settled in foreign currencies through negotiation of the two parties concerned with the approval of the Ministry of Foreign Economic Relations and Trade.

-- The import of parts, articles to form a complete set, and raw materials for export products of enterprises with foreign investment will no longer go through the procedures of examination and approval, nor will the application for import licences be necessary; customs will supervise their import based on the contracts. If such a category of products is to be marketed in the hinterland, they should go through the routine for import based on the regulations, and those on the import restriction list of the state should first get permission from relevant departments and their import taxes paid according to the regulations.

-- Regarding enterprises on the import restriction list with foreign investment in their products, the part of their products for the domestic market will be listed in the 1986 production plan by the responsible trade department based on the stipulations of the production program in the contract of the enterprise, the proportion for the home market, and the market demand as well.

-- Materials and equipment supplies for the production of enterprises with foreign investment will be improved. The State Bureau of Materials and Equipment, the several coastal open cities with greater number of enterprises with foreign investment, and the materials and equipment departments of the SEZ's will run several materials and equipment supplying and marketing service corporations for the convenience of enterprises with foreign investment. Materials and equipment (including those acquired through coordination) available in the home market will be organized for the clients at rational prices, or they will act as mediators between the clients and the supplying units.

ARTICLE ON MODERNIZATION, DEMOCRACY REPRINTED

Editorial Note

HK251028 Shanghai SHIJIE JINGJI DAOBAO in Chinese 2 Jun 86 p 1

["Editorial Note on Li Honglin's Article on Modernization and Democracy"]

[Text] Li Honglin has written an article discussing modernization and democracy. Autocracy may conduct social reforms, such as the reform launched by Shang Yang. Autocracy may also engage in gigantic projects, such as the pyramids and the Great Wall. Autocracy may even develop a modern, powerful nation, such as Hitler's Germany. We are now building a modern, powerful socialist country, which has not only highly developed material and spiritual civilizations but also a highly developed democratic life. This treatise was originally published in the special issue marking the fifth anniversary of the publication of this weekly. Some time ago, newspapers and magazines at home and abroad either carried excerpts of the article or transmitted reports on it, and some even carried commentaries. Consequently, many readers called for reprinting of the article in full, which we now do accordingly.

Li Honglin Article

HK251030 Shanghai SHIJIE JINGJI DAOBAO in Chinese 2 Jun 86 pp 12-13

[Article by Li Honglin: "Modernization and Democracy" -- originally published in the special issue marking the fifth anniversary of the publication of SHIJIE JINGJI DAOBAO entitled "Building Socialism With Chinese Characteristics"]

[Text] With democracy, there would be no socialism or four modernizations. For this reason, while conducting economic reforms, we should develop socialist democracy in the political field.

Autocracy may conduct social reforms, such as the reform launched by Shang Yang. But that was a feudal reform. The feudal socioeconomic system itself called for an autocratic political system. Therefore, its superstructure was suited to the economic base.

Autocracy may also engage in gigantic projects, such as Egypt's pyramids and China's Great Wall and the Grand Canal. But they were the results of forced labor. There is a world of difference between the efficiency of forced labor and that of free labor.

Autocracy may even develop a modern, powerful state. For example, after taking office, Hitler turned Germany into a powerful European country in a very short time by employing fascist, dictatorial means. But that was a lopsided kind of development. The entire country was turned into a war machine, not only bringing calamities to the world but also imposing tremendous sacrifices on the German nation.

We are now engaging in socialist construction with the aim of turning China into a modern, powerful, socialist country. What is meant by a "modern, powerful, socialist country"? What should we do in order to achieve this objective?

A modern, powerful, socialist country should have not only highly developed material and spiritual civilizations but also a highly developed democratic life. This is because "socialism" refers not only to the economic system of a society but also to a new society, one historical era higher than capitalism. This society has its own base and a superstructure suited to the base.

The relations of production must be suited to the productive forces. If they are not suited to the productive forces, they will inevitably obstruct and even undermine the development of the productive forces. This truth has become known to all. However, there is another truth which is closely related to this truth but which cannot be said to have been widely accepted up to now. It is that the superstructure must be suited to the economic base. Naturally, nobody opposes this truth in words. In fact, however, some people do not quite agree with it. This situation becomes even more obvious when they talk about democracy.

While defining economic construction as the focus of our work, the 3d Plenary Session of the 11th CPC Central Committee also decided to strengthen democracy and the legal system. The words "a high degree of democracy" were later added to the general line. "A high degree of democracy" is not only an objective for building a powerful socialist country but also an indispensable condition for achieving the four modernizations. This is an important decision the CPC made after summing up the historical experiences gained in the 30 years since the founding of the PRC. Not long afterward, however, some people cried out in alarm: "The excessive development of democracy has given rise to chaos in public order!" No sooner had democracy been developed than it was regarded as "excessive." If that is the case, can we still talk about "a high degree of democracy"? Considering themselves to be safeguarding Marxism, some people have gone so far as to regard the practice of undermining public order by a handful of people as "democracy." From this joke, we can also see that democracy is very unfamiliar to some people.

As a matter of fact, being unfamiliar with democracy often leads to detestation or fear of democracy. "Giving thought to democracy" is, after all, not so easy as "deciding everything for the people." The "four modernizations" are necessary because they can make the country strong and prosperous and the people happy. So, why should we develop a "high degree of democracy"? The first emperor of the Qin Dynasty and Emperor Wu of the Han Dynasty all once built China into a strong country, did they not?

However, they do not understand that the first emperor of the Qin Dynasty, or Emperor Wu of the Han Dynasty, and Emperor Taizong of the Tang Dynasty were all feudal emperors. In those days, in making China strong and prosperous (or making it decline), China did not go beyond the law that the superstructure must accord with the economic base. Just the reverse, it was this law which made the Qin, Han, and Tang Dynasties strong and prosperous. In those days, so long as feudal politics could meet the needs of the economic development of feudal society, the economy would be flourishing and countries would become strong and prosperous. At the same time, as long as feudal rulers did not observe the law, powerful dynasties would decline. After the first emperor of the Qin Dynasty united China, the superstructure of the dynasty used up all the manpower, material resources, and wealth that the social economy could provide. Consequently, the dynasty died out only a decade or so after its founding.

We are now building socialist modernization. If there is no high degree of democracy, which is seen as part of the superstructure, it is impossible to attain the goal.

In using old political structures to push new economic construction, there is a precedent to go by. In the last years of the Qing Dynasty, the reign advocated the slogan "Chinese culture should be taken as the basis, while the study of foreign culture should serve China's construction." Viewing the historical background of that time, this slogan was of progressive significance for a closed, backward, and arrogant China, because it accepted capitalist advanced science and technology and wanted to use them to rebuild a backward economy and national defense. However, the slogan "Chinese culture should be taken as the basis" meant that the country should be "modernized" by adhering to the ideological and political systems of feudalism. This was absolutely impossible. The superstructure of feudal society can only serve the economy of feudal society, it cannot satisfy the needs of the economy of capitalist society. This is because production in capitalist society needs a highly developed commodity economy and free business and trade, calls for breaking barriers between different regions, expels administrative interference, and needs intelligent and capable entrepreneurs who are good at competition, as well as free laborers who own nothing but can make a proper allocation of their own labor force. But all these are not permitted by the feudal political structure. Even if these conditions are permitted, the operational speed of the capitalist economy and its degree of opening up to the world can never be agreed to by the bureaucratic system of feudal government offices and their fatuous and corrupt bureaucratic practices. Therefore, the proposition that "Chinese culture should be taken as the basis, while the study of foreign culture should serve China's construction" could achieve nothing and ended in failure.

History has entered a new era. It is now no longer a period like the last years of the Qing Dynasty or the early years of the Republic of China when people were pursuing the goal of capitalism. We are now working for the realization of the four modernizations in order to build China into a modern, powerful, socialist country. The concept of a "powerful socialist country" includes a political structure with a high degree of democracy. It is unimaginable that a "socialist power" in the world can have a highly autocratic political structure. If there was such a socialist country, it would have to be something like Hitler's "state socialism," which exercised oligarchy at home and carried out barbarous aggression and expansion abroad.

More importantly, without a high degree of democracy, there will not be socialist modernization. The socialist system can bring about productivity higher than that under the capitalist system only because socialism can give full play to people's initiative and resourcefulness. Only when people are in a position to decide things can they have initiative. Therefore, the employer and the employee are quite different. In socialist society, the working people are all masters rather than employees. This is the key reason why socialism is superior to capitalism. In a socialist country, conditions exist for arousing people's initiative. However, if there is no high degree of democracy, the people will not be able to fully play the role of masters in the economic, political, and cultural fields. [paragraph continues]

In this case, even though the state can concentrate manpower, materials, and financial resources on construction through centralist leadership and achieve some remarkable results, it is still impossible to bring about a satisfactory high growth rate and to achieve the best economic results because people's initiative cannot be fully aroused (or is even suppressed in some cases).

In fact, politics cannot be divorced from the economy. If the political structure is not reformed in light of the requirements of a high degree of democracy, it will not suit the needs of the economic structural reform. In the past, we underwent many twists and turns in economic construction. Apart from a lack of experience, a major reason was the fact that our political structure was not suited to the needs of economic construction.

A lack of democracy will not only affect economic construction, but will also affect the entire social life. The "Cultural Revolution," which brought serious disasters to the Chinese nation, was actually the result of the damaging of democracy in our country.

Of course, the damaging of democracy cannot be attributed merely to some individuals' mistakes. The event itself was caused by complicated social and historical factors.

China is a country in which feudal traditions have struck deep roots.

Emperor Shi of the Qin Dynasty used force of arms to conquer other kingdoms and build the first centralist state in China's history in a vast territory where economic and cultural development was very uneven. Emperor Shi made an indelible contribution to the unification of the country. Under the historical conditions of those times, the country's unification could be maintained only by the exercise of strong autocratic rule, and there were no other alternatives. However, China at that time not only enjoyed the advantages of unification, but also suffered much from a highly centralized autocratic system of rule. The paramount and absolute power of the emperors continued to exist in China until the early years of the 20th century, along with the pyramid-style autocratic political structure.

The 1911 revolution led to the downfall of the Qing Dynasty and the founding of the Republic of China. This marked a great step forward in China's history. Many outstanding Chinese people dedicated their lives to China's step forward. It was a pity that due to the powerful influence of the feudal forces, which were backed up by foreign imperialist powers, the "Republic of China" brought hope to China for a very short time, and then became merely a false signboard. The old and new warlords continued to rule China in an autocratic way and rode roughshod over the Chinese people.

The "4 May Movement" in 1919 was a brave attempt by the Chinese people to destroy feudalism. Democracy and science were two sonorous slogans in this movement. However, this movement alone could not completely fulfill the task of destroying feudalism. In Europe, the feudalist tradition was not so solid and deep-rooted as that in China, but Europe still took hundreds of years to break with the feudalist tradition after the Renaissance. It is obvious through this comparison that it was impossible to eliminate feudalism in China merely through the "4 May Movement" alone.

China was a country where people had never had any experience of democracy, and China's culture and politics all bore the heavy burdens of feudalism. This was the basic situation when the CPC began to lead the Chinese revolution. Such a state of affairs could not but greatly affect China's political life and find expression in the course of the revolution.

The Chinese revolution succeeded under the direct leadership of the CPC. A group of career revolutionaries inculcated thoughts of revolution in the masses. They mobilized the masses to carry out all forms of revolutionary struggle, including organizing a revolutionary army and fighting a revolutionary war. This finally led to the liberation of the entire Chinese mainland. On the basis of the victory of the people's liberation war, the CPC, together with the democratic parties, mass organizations, and famous patriotic and democratic people, convened the People's Political Consultative Conference and organized the Central People's Government of the PRC. "Without the Communist Party, there would not be a New China." This saying sums up this historical fact.

Revolution is always a product of intensified social contradictions. The contradictions in social life provide an objective condition for revolution. Then, with some progressive elements taking the lead and mobilizing the people, the revolution will start. This is a subjective condition for revolution. Although the proletarian party itself is organized according to the democratic centralist system and has a mass line, that is not in general the actual course of the outbreak of a revolution. A revolution usually begins along a democratic course. The masses first elect their representatives from the bottom up and give them powers of leadership; then they openly launch the revolution. However, people may see another process of revolution: a small number of revolutionaries mobilize the masses from the top downward. These progressive elements have foresight, brilliant leadership ability, and revolutionary courage and resourcefulness. They can fight bravely for the interests of the people. So they win the people's trust and support.

However, when this fact is reflected in people's minds, in particular under the relatively serious influence of feudal tradition and historical idealism, it will sometimes change in this way: revolution is the product produced by these professional revolutionaries and the fruits of the revolution are granted by them to the masses of people.

During the Agrarian Revolution, Communist Liu Zhidan led the people in northern Shaanxi in carrying out their armed struggle. He was well loved by the masses of people and people wrote the following song:

On 3 March came Liu Zhidan
To northern Shaanxi. He is an upright
And honest official. He leads his troops
Up Heng Shan and fights heart and soul
For communism.

A communist was called an "upright and honest official," and then his title was upgraded to "great liberator," and he was even hailed with the slogan "long live." This shows the influence of feudal tradition. This influence is spread throughout the whole of society. Not only can the masses of people not get rid of it, but sometimes it is difficult even for some leaders to get rid of it.

After the founding of the PRC, it was very natural that the masses spontaneously felt grateful to the leaders of this revolution -- the CPC and its leaders. This was precisely an indispensable political guarantee for the development of our revolution and construction. However, if, owing to this, the communists who work at leading posts at various levels forget that the goal of the CPC is to serve the people and that they are only the people's servants, then there will be some problems.

Democracy as a political system has its content and form. Its "content" is its class nature, which means the class nature of the state power. Its "form" mean its form of organization. In other words, they mean the way the ruling class organizes its state power and exercises its rule. In studying a political system, we should first discuss its class essence. This is most important. However, we should not neglect the form of organization because "content" cannot exist without "form."

Our people's democratic dictatorship is a people's state power under the leadership of the working class. The sovereignty of the state belongs to the whole people. In order to exercise their power as masters, the people have to concentrate their will in accordance with democratic centralism and organize their forces.

Since the founding of the PRC, our people's democratic dictatorship has made very great contributions in defending our national independence, protecting the people's interests, crushing the enemy's sabotage, and organizing the socialist construction. However, a study of its content and form reveals that one of our mistakes in the past was our neglect of "form," a neglect which was sometimes done at will. We have formulated a constitution, laws, and quite a lot of regulations and rules, but in our real lives they have not established the authority that they ought to have had. This has left some loopholes for people, as individuals, to monopolize power or to "defy both law and god."

At that time, our democracy was undermined in two ways: First, the scope of class struggle was enlarged and some good people were attacked as enemies. Second, democratic centralism was weakened or replaced by the monopolizing of power by individuals.

In the first years after the founding of the country, antagonistic classes still existed. Only a fundamental change had taken place in the positions of the two sides. The exploited people became the masters of the country and the reactionary classes became the ruled. In order to protect the people's interests and to consolidate the new political power, it was imperative to suppress the resistance of the enemies. Therefore, it was natural that the role of dictatorship was given greater play.

After political campaigns such as the suppression of the counterrevolutionaries and the land reform and then the socialist transformation, large-scale class struggle was basically over within China. After this, although there were still contradictions between ourselves and the enemies which we should not overlook, a large number of social problems were contradictions among the people. The crux was how to develop a democratic style so that the people would act as masters of the country and plunge themselves into the socialist construction.

However, under these circumstances, class struggle continued to be regarded as the key link. In particular, the spearhead of the dictatorship was extended to the people and the mistake of magnifying class struggle was committed. Many people who were masters of the country were suddenly turned into targets of the dictatorship.

As a matter of fact, the practice of regarding the people as enemies began in 1955 in the field of literature and art. At that time, a group of people could be stigmatized as a "counterrevolutionary clique" on the basis of some "handed-over" private letters, which were given strained interpretations, from which farfetched analogies were drawn, and to which notes were added. This method set an abominable precedent in trampling upon democracy. Later, during the "Great Cultural Revolution," anyone who expressed any ideological objection, and some who did not even express any "objection" (because they never mentioned them) but were only thought to have "different views," were all faced with the danger of being reduced to targets of the dictatorship.

The minimum condition for democracy is to allow the people to air their views freely. This is stipulated in the Constitution as "freedom of speech." However, anyone who said something not pleasing to the ear (as a matter of fact, what he said was often not pleasing to the ear of a certain leader) would be immediately dealt with by means of the dictatorship. Consequently, it was very difficult to have a democratic life.

Originally, the constitution stipulates that the people are the masters of the country and stipulates the rights and duties of a citizen. However, they were not guaranteed by concrete rules and regulations or effective methods. Therefore, democracy and the legal system lacked due authority and were sometimes brutally infringed upon. According to the nature of our political power, although cadres at all levels, from central cadres to grassroots ones, do leadership work, their power is given them by the people and their destinies should be in the hands of the people. However, when democracy was damaged, things became just the opposite. Some absolutely lawless "public servants" took in their hands the destinies of the "masters." They not only could wantonly infringe upon the basic rights of a citizen, but also could stigmatize at will a "master" as a "target of the dictatorship." "The Great Cultural Revolution" was the evil development of this mistake.

The mistake of struggling against the people as an enemy was made under the conditions of an individual dictatorship. If the democratic centralism based on the principle of the minority being subordinate to the majority could be maintained, even if a mistake was unavoidable, it would not develop to such a serious degree. This is because a collective knows much more than an individual does, is more calm and considerate than an individual in making decisions and has a better ability for self-adjustment than an individual. If the principle of democracy can be put into effect in every field of political life, an individual is not allowed to force his views on others. The, strange things like wantonly trampling on the Constitution and laws will certainly not happen.

Of course, the reason why individual dictatorship can destroy democracy does not completely lie in any individual. The more profound origin of this lies in the social and historical circumstances. [paragraph continues]

As the influence of autocracy fetters some people's mind, the majority of people are forced to accept the individual dictatorship. Therefore, we should not purely have the individual in mind but strive to create conditions for realizing a high degree of democracy.

At present, China has come to a historical turning point, after all. Devoted to the principle of leading the people to become masters of the country, after summing up the historical experiences, the Chinese Communist Party has not only now concentrated on the realization of the four modernizations but also explicitly proposed "having a high degree of democracy." This is because the construction of the four modernizations needs a high degree of democracy and can provide conditions for the realization of a high degree of democracy.

In the rural areas, the economy of self-sufficiency and semi-self-sufficiency has begun to transform into a commodity economy and a state of inaccessibility has been replaced by a state of opening up to the outside world. This has fundamentally disintegrated the social and economic basis for individual dictatorship. Since the adoption of the production responsibility system, the peasants, who constitute the bulk of the population in our country, have had the decision-making power in production and their own economic basis. They not only urgently demand political rights but also have economic strength, and the backing of political rights. In the past, when they did not, in fact, have the rights of labor and eating in their own hands, they did not have such a backing.

The same happens in the urban areas. The ongoing economic structural reform in the urban areas has given great impetus to the building of the socialist democracy. The strengthening of the law of value, the development of the commodity economy, the expansion of the regulation by market mechanism, the enhancement of the enthusiasm of enterprises as well as individuals have all effected deep changes in the economic life in our country. These changes have strongly demanded a synchronous development of both democracy and the legal system, while preparing conditions for them. Along with the development of the modernization construction, the social life has become lively and open and the cultural and educational levels of the people have increased and their horizons have been broadened. This is progress of the civilization of the whole society. Such progress is an indispensable condition for the building of a high degree of democracy.

In fact, in these years after the 3d Plenary Session of the 11th CPC Central Committee, with the rapid economic development, the pace of the building of democracy and the legal system has been the quickest and the most rewarding in any period since the founding of the country. In the new period, not only have the democratic rights of the people began to be protected but also all the structures and styles which are unsuitable for the four modernizations construction are now undergoing or will be undergoing reforms. Of course, this is only a beginning and quite far away from the objective of "a high degree of democracy." However, this direction has been determined and the line of the communist party of China is steadfast. This is the ultimate objective one needs in social life. Although the way will not be perfectly straight, it will not be reverted, either.

On the road leading to a high degree of democracy, there will be various obstructions. On the issue of structural systems, reform is necessary; and on personal issues, a rectification of styles or organizational handling is needed. [paragraph continues]

Those who have violated the law should be punished by law. Here, it is necessary to point out a kind of conceptual obstruction which fetters some people's mind, and is rather influential in the society, and is an ideological obstruction to our building the socialist democracy.

This influential concept is to set democracy against leadership, believing that democracy is the weapon used by the people to cope with the authorities, the weapon used by the masses to deal with the cadres, the force to weaken and disintegrate stability and unity, and even to equate democracy with anarchism. Under the influence of such a concept, a few leaders feel frightened when hearing of democracy, especially those leaders who are accustomed to acting as patriarchs who, when hearing of different opinions from people, think that people just want to go against them and make trouble, so it is right for them to put political labels on people.

This concept, to a great extent, proceeds from a consideration of the individuals' powers and positions (realistic interests). So it is hard for us to convince people with such a concept by reasoning. And it is also impossible for us to analyze this kind of realistic interest with limited space on a printed page. Now, as far as the ideology and cognition are concerned only, frankly speaking, people with such a concept are really ignorant.

Our democracy is the people's democracy and the socialist democracy. Under such a system, the people are the masters of the country and the cadres are the public servants of the country. In order to be good masters, people will naturally give their opinions. When people find out the mistakes made by leaders at a certain level, namely made by the public servants of the people, they will naturally criticize them. Isn't this the actual meaning of the people's democracy? How can the public servants of the country feel disgusted with the criticisms given by the masters of the country?

Of course, in the development of democracy, there will naturally be different views and incorrect views as well, but what does it matter? As far as listening to the opinions is concerned, it is better for us to listen to a variety of opinions than only one opinion. When a decision is to be made, since the principle of democracy is that the minority and certain individuals will not possibly gain the upper hand -- what then should we fear?

In the development of democracy, there are bound to be some people who fish in troubled waters by carrying out activities aimed at destroying the public order and opposing the socialist country by flaunting the banner of democracy. This is not democracy but destruction of our democracy. However, these people cannot affect the overall situation because we have the law and rules and regulations which embody the will of the majority and we are capable of doing things according to the law and rules and regulations and reprimanding them by compulsory means. and, the more perfect our democracy and legal system are, the more difficult it will be for those people to fish in troubled waters so that the stability of the socialist country will be guaranteed. If we have strong confidence, we will certainly not be afraid of democracy but instead, we will urgently need democracy.

In fact, democracy does not oppose leadership, but on the contrary, democracy is the condition for correct leadership, or in other words, democracy itself is a method of leadership, to be exact. That all the people abide by the decision reached according to the principle of the minority being subordinate to the majority is a method of leadership, isn't it? Is it true that the democratic leadership which has assembled the opinions of the majority is more complete and scientific than the leadership of an arbitrary individual? It is because it has embodied the will of the majority that the democratic leadership will certainly and wholeheartedly be supported by the majority of the people. Is it true that the democratic leadership is more authoritative and more conducive to stability and unity than the leadership of an arbitrary individual?

Of course, democracy is an unhappy thing to the bureaucratists, the leaders who stick to their wrongdoings and the leaders who are divorced from the masses. Under such circumstances the leaders are not all all authoritative. However, this is not because of democracy but because of these kinds of leaders who have weakened the leadership (or destroyed the leadership). It is not the masses who have weakened the leadership. In order to solve such contradictions we should not suppress democracy, but should develop democracy and correct the mistakes and wrongdoings of such leaders. Isn't it good to have the mistakes corrected and the authority of the leaders raised? If a leader has made mistakes and still refuses to correct his mistakes, we should remove him from office according to democratic procedures. Isn't this a good method? From this, we can see that democracy is not the opposite of leadership, but a condition for strengthening leadership; this is true for a unit, a department, a region and even a whole country. If we are sincerely for the building of the four modernizations, we eagerly need democracy and wholeheartedly welcome democracy because democracy is really the indispensable political condition for the realization of the four modernizations.

MAJORITY OF GRADUATES ASSIGNED BY STATE

HK230752 Beijing CHINA DAILY in English 23 Jul 86 p 1

[By staff reporter Wang Ningjun]

[Text] This month, 69 percent of this year's university graduates start work in State-assigned jobs, a State Education Commission official told CHINA DAILY yesterday.

The 229,000 students are being largely employed by key development projects in the fields of energy, transport, communications, agriculture, education, textiles and defence, said Wang Lujiang, an official in charge of graduate job assignment.

Last year, only 23.6 percent of university graduates were assigned jobs by the State, while 63.8 percent found work through contacts between schools and employers. The practice gave universities more leeway in placing their graduates and enterprises could contact schools with their requirements.

But the system did not ensure that key industries and government units especially those in remote and backward regions receive much-needed graduates.

This year's increase in State allocation is evidence of the government's determination to reinforce the country's key projects and speed up the development of frontier provinces.

A total of 22,684 college graduates have been assigned to work in Guizhou, Gansu, Qinghai, Tibet, Ningxia, Xinjiang and Inner Mongolia, compared with 17,000 in 1984. At the same time, another 2,000 graduates have volunteered to work in Xinjiang, Gansu, Ningxia and Qinghai -- areas with huge mineral and energy resources and economic potential.

All university students in China enjoy the guarantee of a job after graduation. But they are called upon to put the State's interests before their own and follow the government's need for a planned and rational distribution of college graduates.

The State Education Commission has called on universities to encourage their graduates to devote their talents to underdeveloped areas.

It has also issued a circular jointly with the Ministry of Public Security and the Ministry of Commerce to prohibit government units and enterprises from employing graduates who have already been assigned jobs by the State.

The circular issued on June 30 said that local public security bureaus were not allowed to provide residential permits to those graduates who refused to work in their assigned places. And anyone who tried to use "backdoor" connections to place graduates would be punished, it warned.

Various preferential treatments such as special allowances and better chance of promotion are given to those graduates working in some remote areas.

Once assigned, the students must stay in their jobs for at least five years before they are allowed to change jobs.

However, the "job market" experiment started last year at Beijing's Qinhua University and Shanghai's Jiaotong University will continue this year. Graduates there are allowed to choose their jobs with employers who select the most promising prospective employees from their examination results.

About 21.5 percent of this year's graduates -- 67,276 people -- will also gain employment through negotiations between schools and prospective employers who have asked for college graduates and 8.1 percent, 25,343 graduates, have been enrolled as post-graduate students.

ANHUI MILITARY LEADERS VISIT FLOOD HIT AREAS

OW281202 Hefei Anhui Provincial Service in Mandarin 1000 GMT 27 Jul 86

[Excerpts] In the past few days, Li Yuanxi, commander of the provincial Military District, and (Zhang Honghui), deputy political commissar, went to the disaster areas in Jinzhai and Huoqiu Counties in Luan Prefecture to view the situation and to guide the People's Armed Police Corps and the militia in flood combat and rescue work. They also conveyed the heartfelt sympathy of Nanjing Military Region leaders to the people in the disaster areas.

Torrential rains hit the Dabie Shan region recently, posing a serious threat to the lives and property of the people there. The Luan Military Subdistrict and the People's Armed Forces departments in the stricken areas swiftly mobilized and organized more than 30,000 militiamen to combat flooding and carry out rescue operations. [passage omitted]

During his inspection tour, Commander Li Yuanxi spoke highly of the indomitable heroism and selfless spirit of the People's Armed Forces cadres and militiamen of the old revolutionary base areas in launching consecutive rescue operations, and urged all PLA units of the military district and the broad masses of People's Armed Forces cadres and militiamen to emulate them by plunging into fighting floods and rescue operations, by protecting the lives and property of the people, and by helping the masses rebuild their homes and resume production. [passage omitted]

JIANGSU MILITARY DISTRICT MARKS ARMY DAY

OW281158 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 27 Jul 86

[Excerpts] The Jiangsu Provincial Military District sponsored an entirely new sort of literary and art soiree last evening to mark the 59th anniversary of the founding of the Chinese PLA.

During the soiree, various highly entertaining programs were staged by over 200 commanders and fighters, retired veteran cadres, working staff and family members of the Military District Headquarters, Political Department, and Logistics Support Department, and the Nanjing Veteran Cadres Office.

When the performance began, choral group composed of 67 Red Army and Eighth Route Army veterans deeply moved the audience with songs such as The Guerrilla Song, There Would Be No New China Without the Communist Party, and others. [passage omitted]

After the performance, Zeng Sheng and Ye Dewang, respectively commander and political commissar of the Jiangsu Provincial Military District, presented banners to the outstanding performing units -- the Military District Political Department and the Nanjing Veteran Cadres Office.

RUI XINGWEN ON SHANGHAI GARRISON RECTIFICATION

OW250605 Shanghai City Service in Mandarin 0000 GMT 25 Jul 86

[Text] A 3-day enlarged meeting of the Shanghai Garrison District Party Committee concluded on 23 July. The meeting was held to implement the guidelines laid down by an all-army conference on the rectification of party style and to sum up such rectification in the garrison district.

In his speech at the enlarged meeting, Rui Xingwen, secretary of the Shanghai Municipal CPC Committee and first secretary of the Shanghai Garrison District CPC Committee, pointed out: It is now an important task to improve party style in order to promote healthy practices among the people. Commanders and fighters of the garrison district should continue to rectify party style and straighten out relations between higher and lower levels so as to quickly carrying out various tasks.

At the meeting, Ba Zhongtan, deputy secretary of the garrison district party committee and commander of the garrison district, summed up the situation in rectifying party style. He called on party organizations at various levels to do their work well ideologically, organizationally, and in workstyle and discipline; to make concerted efforts to strengthen leadership; and to successfully carry out the task of party rectification in the garrison district.

Ping Changxi, secretary of the garrison district party committee and political commissar of the garrison district, made a report on the guidelines laid down by the all-army conference on the rectification of party style.

ZHEJIANG'S WANG FANG INSPECTS NUCLEAR PLANT

OW280215 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 26 Jul 86

[Text] Accompanied by (Zhang Hongde), secretary of the Jiaxing City CPC Committee, Wang Fang, secretary of the provincial party committee, inspected the Qinshan Nuclear Power Plant and the Haiyan Shirt Factory on the afternoon of 25 July.

Comrade Wang Fang inquired about the livelihood of the workers at the Qinshan Nuclear Power Plant and the quality of the construction work. After hearing a report, he called for fostering an arduous and pioneering spirit and for stressing quality and safety. Comrade Wang Fang also went to the construction site of the nuclear reactor for an understanding of the situation.

After hearing a report by Director (Gu Zhisheng) on production and management during his tour of a Haiyan Shirt Factory Workshop, Comrade Wang Fang noted: In order to achieve better economic results, it is necessary to constantly improve management, research consumer demands, pay attention to market information; and prescribe appropriate measures. He also urged the Haiyan Shirt Factory to keep up efforts to improve worker quality and upgrade the level of modern management. Factory Director (Gu Zhisheng) replied: It is necessary to live up to the expectations of our leaders by setting up a market information network, overcoming difficulties, persisting in reform, and studying strategies in an effort to improve factory operations.

GUANGDONG VICE GOVERNOR REPORTS ON TYPHOON DAMAGE

HK290215 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 28 Jul 86

[Excerpt] On behalf of the provincial government, Vice Governor Ling Botang made a report this morning on the recent typhoon disasters and relief work at the 21st Meeting of the 6th provincial People's Congress Standing Committee.

The report pointed out that typhoon No 7 hit the coastal areas of eastern Guangdong on 11 July and typhoon No 9 hit western Guangdong, Hainan, and Zhanjiang on 20 July. These storms caused very great losses of lives and property and to industrial and agricultural production. Typhoon No 7 affected 5.36 million people. Some 8.75 million mu of farmland were flooded, over 80,000 houses collapsed, and a further 250,000 were damaged. The most severely affected areas were Meixian, Jiexi, Jieyang, Haifeng, and Lufeng, these are old revolutionary bases or relatively poor areas.

Following typhoon No 7 No 9 crossed the coast at Xuwen on 20 July. This caused great losses to the people there.

After the disasters, leaders at all levels, the masses, and PLA commanders and fighters immediately plunged into the battle to affect rescue and relief work and resume production. [passage omitted]

GUANGXI SECRETARY CALLS FOR IMPROVED PARTY STYLE

HK270229 Nanning Guangxi Regional Service in Mandarin 1000 GMT 26 Jul 86

[Excerpt] Guangxi Regional CPC Committee Secretary Chen Huiguang pointed out at a meeting of leading cadres of the regional organs that the Central Discipline Inspection Commission has demanded that provincial organs throughout the country achieve a fundamental turn for the better in party style this year, and that the whole party achieve such a turn for the better by the 13th party congress and no later than the end of next year. We must work hard in accordance with the central demands and fulfill on time the task of achieving a fundamental turn for the better in party style.

Chen Huiguang stressed that for the regional organs to achieve a fundamental turn for the better in party style this year, the key lies in strengthening leadership. The party organizations at all levels must have a high sense of responsibility and regard the work of straightening out party style as an important task.

The regional CPC Committee has decided to set up a regional leadership group for straightening out party style in order to strengthen leadership over this work. The regional CPC Committee demands that the party groups and committees of all regional organs also grasp the work of straightening out party style, with the principal responsible persons tackling this work. [passage omitted]

HENAN SECRETARY VIEWS ECONOMIC PROBLEMS

HK270143 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 26 Jul 86

[Text] HENAN RIBAO of 27 July frontpages the following report: Provincial CPC Committee Secretary Yang Xizong went to the urban and rural areas of Kaifeng City from 24 to 26 July to inspect work and provide guidance. he conveyed the provincial CPC Committee's guiding ideas on current economic work, pointing out: The current general guiding idea is that all work must be centered on economic construction and serve it. This applies to all the work of the party, government, trade unions, and CYL, and in the fields of culture, education, and public health.

Analyzing the current state of economic work, Yang Xizong stressed doing a good job in handling the following relationships:

1. As far as the whole province is concerned, we have a problem of dealing correctly with the problems of no stability without agriculture, no enrichment without industry, and no invigoration without commerce. Henan is a large province. Can we have stability if the living standards of its 70 million peasants cannot be improved? There is also a problem of switching from agriculture to other trade. Such a problem does not exist in Jiangsu. There, they recruit manpower, and many people go there to work, including many from Henan. Social conditions there are stable because their rural living standards are relatively high. We must therefore seize the key period of the Seventh 5-year Plan to do a good job in agricultural capital construction.

Our industrial development level really lags too far behind advanced areas. While developing agriculture, we must therefore, devote still greater effort to developing industry. Eighty-seven percent of the province's financial revenue comes from industry. As far as the province's finances are concerned, there is therefore a problem of no enrichment without industry. We cannot get anything done unless industry develops.

No invigoration without commerce is something that we have emphasized many times. Commerce is a weak link in Henan's economic work. The coastal regions of Jiangsu and Zhejiang pay great attention to purchase and sales work. They have adopted a protective policy for this work since the 3d Plenary Session of the 11th CPC Central Committee, and have paid great attention to building a purchase and sales force and to enlivening circulation.

In Henan, however, certain comrades who are affected by leftist and small peasant economy thinking have an extremely incorrect view of organizing commodity circulation. They think that the people of the Central Plain are wise and would rather starve to death than engage in business. They always feel that doing business is something beneath contempt.

The small peasant economy mentality is a particular hindrance to commodity circulation. We must therefore pay attention to getting rid of this outdated concept.

2. We must pay attention to correctly handling the relationship between enterprises owned by the whole people, collective economy, and courtyard economy, and also handle well the key projects during the seventh 5-year plan. As far as the whole province and a number of its cities are concerned, we must give first place to bringing into play the role of the existing enterprises owned by the whole people. They constitute the main force in Henan's economy and are our main prop in continuing to forge ahead. We must by no means neglect them.

We must do a good job of carrying out reform, organizing lateral ties, promoting the plant manager responsibility system, carrying out innovations, tapping potentials, and organizing technological transformation in these enterprises, so as to bring into full play their role as the main force.

Collective enterprises and courtyard economy should be assigned an important position at prefectural and country-level and below and in a number of cities. We stress doing a good job in collective economy and courtyard economy because they are themselves the products of reform.

Again, we must do a good job of building key projects during the Seventh 5-year Plan, including key capital construction and technological transformation projects. In these lie the reserve forces for the province's economic development.

We must do a good job in handling the above-mentioned relationships, to ensure that the province's economy can enjoy relatively rapid development during the Seventh 5-year Plan.

Comrade Yang Xizong inspected some large and medium enterprises and courtyard enterprises [tingyuan qiye] in Kaifeng City. He listened to the views of the managers of the Kaifeng Electric Motor Plant, the No 1 Woolen Textile Mill, and the Solar Power Battery Plant on factory reforms.

HUNAN MAKES 'MAJOR AMENDMENTS' TO PLAN

HK270209 Changsha Hunan Provincial Service in Mandarin 2200 GMT 26 Jul 86

[Excerpt] The provincial government announced major amendments to the province's Seventh 5-Year Plan at the panel meeting convened by the 20th meeting of the 6th Provincial People's congress Standing Committee on 26 July. The government proposed that this year and next, water conservancy construction investment should be increased by 10 million yuan a year, and that investment in this sector should be restored to the 1980 level by 1988. Construction of the coal-gas projects in Changsha and Zhuzhou Cities should cease, and the 20 million yuan planned to be spent on the Changsha project should be switched to capital construction for teacher training.

From 23 to 25 July, the members attending the provincial People's Congress Standing Committee meeting seriously examined and discussed the amendments to the Seventh 5-Year Plan and the plan for 1986. At the panel meeting on 25 July, Chairman Jiao Linyi; vice Chairmen Shi Bangzhi, Kong Anmin, and Chen Xinmin, and members (Zhang Xin), (Zhao qi), (Han Jiangzheng), (Liu Zongxing) and others made speeches focusing on the following issues: How to maintain basic balance of general social demand and supply in the guiding ideas for the Seventh 5-year Plan; and, basing work on Hunan realities, how to promote the development of productive forces by taking advantage of local strong points.

They said: The provincial government has explicitly proposed as focal points agriculture, communication, energy, raw materials in short supply, and education, science, and technology. This is correct. However, there is not enough stress on agriculture and education. They also discussed the question of how, in capital construction, to persevere in working according to the proper procedures and ensure the smooth progress of key construction projects.

In view of these opinions, provincial Planning Commission Director Wang Xiaofeng was commissioned by the provincial government to report on further amendments to the province's Seventh 5-Year Plan.

Governor Xiong Qinguan said after the hearing the provincial People's Congress Standing Committee members' views and suggestions that these views were very good and accorded with the spirit of the instructions of the CPC Central Committee and State Council and with Hunan realities. [passage omitted]

People's Congress Meeting Concludes

HK280117 Changsha Hunan Provincial Service in Mandarin 2200 GMT 27 Jul 86

[Excerpts] The 20th Meeting of the 6th Hunan Provincial People's Congress Standing Committee concluded on 27 July. Chairman Jiao Linyi presided at the concluding session.

The meeting passed a resolution approving partial amendments to the province's Seventh 5-Year Plan for economic and social development and the plan for 1986. [passage omitted] The resolution also called on the People's Government at all levels to strictly implement the State Council's regulations on controlling investment in fixed assets and the circular banning indiscriminate raising of capital in enterprises and the imposing of various charges on them. [passage omitted]

The meeting appointed Chen Bangzhu as chairman of the provincial Economic Structural Reform Commission; (Zhou Kangming) as the Provincial Rural Economy Commission chairman; (Wang Mingxiang) as director of the provincial Water Resources and Hydroelectricity Department; and (Peng Ruixi) as a member of the Provincial People's Congress Education and Science Committee [passage omitted]

WAN LI COMMEMORATES 10TH EARTHQUAKE ANNIVERSARY

Unveils Tianjin Monument

OW281708 Beijing XINHUA in English 1441 GMT 28 Jul 86

[Text] Tianjin, July 28 (XINHUA) -- Vice-Premier Wan Li unveiled a monument in Tianjin today to mark an earthquake that devastated nearby Tangshan and affected this port city ten years ago.

The 19.76-meter-high monument, in a pyramidal shape and with the inscription, "anti-seismic monument" written in the calligraphy of Communist Party General Secretary Hu Yaobang, is located in the center of the city.

On July 28, 1976, a 7.8-magnitude earthquake flattened the Tangshan and claimed 242,000 lives. The earthquake shock severely damaged 70 percent of the buildings in Tianjin and killed 24,000 people. Through ten year of reconstruction, Tianjin has put on a new look with rows of buildings surrounded with trees and lawns, local officials said.

Speaking at a mass rally today, Mayor Li Ruihuan said: "We will spend ten more years to develop Tianjin into a multi-functional economic center and a modern international port city."

Attends Tangshan Ceremonies

OW281152 Beijing XINHUA in English 1148 GMT 28 Jul 86

[Text] Tangshan, July 28 (XINHUA) -- More than 10,000 people from all over China gathered here today to mark the resurgence rising of a new city from earthquake debris.

"The reconstruction of Tangshan has in the main been completed and this is the beginning for new development," the meeting was told.

Xie Feng, governor of Hebei Province, extended his thanks to all those who have supported the reconstruction of Tangshan. "The city is a symbol of the socialist cooperation," he said.

The earthquake, which took place today 10 years ago, claimed the lives of 242,000 people.

Workers of the Tangshan Iron and Steel Company unfolded a banner bearing the slogan, "Long Live the Motherland" at the meeting.

Vice-Premier Wan Li attended the meeting, and unveiled a monument together with Xing Chongzhi, secretary of the Communist Party Committee of Hebei Province.

Wan Li received provincial and local leaders yesterday evening. He said that he was glad to see that most of the homeless people in Tangshan had moved to new houses, and that orphans, widows and widowers, the aged and the injured were cared for. "Progress has been made from the pre-quake economy and other undertakings," he said. "This testifies to the superiority of the socialist system and invincibility of the people under the leadership of the Communist Party." He asked local officials to solve as early as possible the housing problem of a few residents who still live in makeshift shacks and encouraged Tangshan people to do better jobs in the future.

After the gathering, Wan Li and representatives from other parts of China toured the new Tangshan city, 73.2 square kilometers in area or two fifths bigger than the old one.

TANGSHAN SECRETARY INTERVIEWED ON ECONOMIC AIMS

OW280502 Beijing Domestic Service in Mandarin 2130 GMT 27 Jul 86

[Excerpts] A grave, devastating earthquake hit Tangshan on this date 10 years ago. After 10 years of effort, a new Tangshan has been built on the ruins. How will Tangshan continue to progress? A reporter of this station recently interviewed Yue Qifeng, deputy secretary of the Hebei Provincial CPC Committee and secretary of the Tangshan City party committee.

On behalf of the 6 million Tangshan people, Comrade Yue Qifeng expressed heartfelt thanks to the CPC Central Committee, the State Council, and the people of the country for their concern and support.

On the plan for the development of Tangshan, he said: [passage omitted] Tangshan has more than 40 different mineral resources in the Yanshan range, a 170-kilometer coastline, over 700,000 mu of beaches, 13,000 square kilometers of fertile land, and 6 million valiant and industrious people. In addition, Tangshan is close to the capital of the country and has a relatively good industrial and agricultural production foundation. [passage omitted] With such favorable conditions, we will make vigorous efforts to speed up economic development and to have Tangshan's total industrial and agricultural output value reach 10 million yuan by 1988. We will continue to increase our economic strength and make Tangshan an advanced area of the province, or even of the country, as soon as possible. [passage omitted]

TIANJIN SECRETARY AT MEETING ON CIVILIZATION

SK221236 Tianjin City Service in Mandarin 1330 21 Jul 86

[Text] Today, the municipality held a meeting to study and discuss the strategies for building the socialist spiritual civilization. Its purpose was to mobilize and organize the forces from all quarters throughout the municipality to launch the activities to study and discuss strategies for building the socialist spiritual civilization and to work out specific plans for building the spiritual civilization during the Seventh 5-Year Plan.

Ni Zhifu, secretary of the municipal CPC Committee, spoke at the meeting. He said: We should attach strategic importance to the formulation of the municipality's plans for building the spiritual civilization during the Seventh 5-Year Plan. The improvement of the people's quality should be the basic goal of building the spiritual civilization. The activities to study and discuss strategies should be carried out with the guidance of Marxism and to suit the needs of the economic reform. We should both study the strategies for development and also solve practical problems.

Zhang Dinghua, Standing Committee member of the municipal CPC Committee, delivered a report to give specific plans for the activities to study and discuss strategies for building the socialist spiritual civilization.

COMMENTARY CONDONES LIMITING PROTECTIONISM

OW280414 Taipei Domestic Service in Mandarin 2300 GMT 24 Jul 86

[Station commentary]

[Text] Over-protection of domestic industries was again a controversial topic during a group discussion of the recent National Development Seminar. Most scholars thought that it yields more disadvantages than benefits to give industries too much protection, and that we should gradually withdraw protection to bring about normal industrial development. But government officials held that if we withdraw protection, widely open our markets and let our industries compete freely with foreign industries, our industries will surely be hurt since our production conditions are still inferior to that of foreign countries.

The scholars' views were based on theories, while government officials were handling the problem from a practical viewpoint. Both claimed to be right. In fact, we can say that there is no country that does not protect its industries, and there is no absolutely open market or zero, tariff-free competition. However, the extent and duration of protection differ from country to country. If we pursue a policy of extended protectionism with high tariffs, we will eventually be forced to change it because of foreign retaliation. With this in mind, we should consider a reducing protectionism in view of the following factors.

1. All conditions are relative, not absolute. Certain industries can develop fully in a short time, and their products have a strong competitive edge on the international market because they have a good foundation and a great deal of independence. For instance, our shoe, textile and sporting goods industries, enjoy low production costs, and will not be hurt even if we lower tariffs on foreign shoes, textiles, and sporting goods. For this reason, we should continually review and readjust our tariffs and import restrictions in consideration of the specific situation of each industry to prevent foreign retaliation on the grounds of our high tariffs.

2. In protecting industries, we should also consider the unfavorable situation of our country and our public security needs. If the United States puts forward some demands on certain issues, Japan, West Germany and Korea might give it a cold shoulder, but we might not be able to because there are too many uncontrollable factors in our foreign affairs. Considering the survival of certain domestic industries and the competitive power of their products on international market, it is unavoidable that the government will provide them with certain protection and rewards. The question is how much and how long the protection should be. The protection should be neither excessive nor too long term. An ideal way is to set a deadline and strictly enforce the required ratio of self-made parts in products and export regulations. As for the industries that do not have the necessary conditions, such as the automobile industry, they should first strive to enhance their capability in making parts and assemblies before producing whole products, such as cars. After a period of persistent efforts, they can surely occupy a proper position in international market.

The policy of liberalization and internationalization brooks no doubt. Reducing protectionism and partially opening our market is also path that we must follow in the future.

In an Executive Yuan meeting yesterday, Premier Yu gave instructions to remove most import restrictions and open our markets to all foreign goods except certain commodities and agricultural products which affect our national security, social stability or people's health, and to continue to lower tariffs. We praise this decision of major change because it clarifies whether our policy is protectionist or open market.

KMT GROUP STUDIES MARTIAL LAW, OTHER ISSUES

OW281236 Taipei LIEN HO PAO in Chinese 20 Jul 86 p 1

[Text] Taipei -- The 12-member group of the Standing Committee of the Ruling KMT Central Committee undertaking to study six political issues will soon make important decisions. It is reported that the 12-member group will give priority to resolving the institutionalization of local self-government and the issue of martial law. If everything goes well, concrete actions will be taken prior to the election of additional deputies to the central people's representative bodies by the end of this year.

Staff operation of the 12-member group is currently in full swing. Of the six issues under discussion, the legalization of local self-government, national security laws and regulations, election of deputies to the central people's representative bodies, and the organization system of civic organizations have received most of the attention.

Based on the progress of staff operation on the six issues, the issues of legalizing local self-government and martial law have made great headway over the others. A common understanding is shared by the staff of the solutions to these two issues.

It is disclosed that the plan for resolving the question of legalizing local self-government will be based on the principle that it will not require any revisions of the Constitution and its provisional articles. Current staff operation is aimed at revising the organizational laws of the provincial government and the cities and at formulating separate laws each for the organization of the provincial and city councils and the legalization of local self-government, thereby resolving the question of legalizing local self-government in an all-round way.

The solution to the question of martial law is leaning toward abolishing the martial law order but retaining martial law itself so that rapid actions may be taken when national security or social stability is seriously threatened.

In addition, staff operation is studying the feasibility of formulating a "national security law," which will include regulations on national security that currently come under the martial law system.

After the martial law order is abolished, the functions and authority of seven agencies will be affected. A special group is undertaking study of the readjustment question in this regard.

When the plans have been completed by staff operation, they will be thoroughly studied by the first sub-group of the 12-member group. After the plans are set, they will be submitted to the KMT Central Standing Committee for approval and implementation.

High-level figures of the party in power hope that, in response to the ardent expectations of the party in power by the society, concrete actions can be taken regarding the questions of local self-government and the martial law prior to the election of deputies to the central people's representative bodies.

IMPORT TARIFFS TO BE REDUCED ON HIGH-RATE GOODS

OW281726 Taipei CNA in English 1520 GMT 28 Jul 86

[Text] Taipei, July 28 (CNA) -- The Finance Ministry has decided in principle to reduce import tariffs on those import products whose tariff rates exceed 40 percent of their import values, a financial official said Monday.

The official, who asked not to be identified, said the decision was made to ease other countries' criticism of the nation's taking protective measures to prevent their products from being imported into the Republic of China.

He pointed out that the government will make a thorough review of tariff rates on all products the nation is capable of producing and which enjoy a competitive edge in international markets.

The Tariff Rates Screening Committee under the Finance Ministry has passed a resolution to lower tariffs on textile and paper products, and the resolution will be put into force after it is approved by the Executive Yuan, the official said. The Government will also complete within two months a revision of tariff rates on all import products whose tariff rates exceed 40 percent of their values, he said.

The government is expected to suffer a loss in tax revenues of some U.S. \$2.2 billion (about U.S. \$60 million) [currencies, figures as received] this year by reducing tariffs on silk products from 67.5 percent to 50 percent, on apparel from 60 percent to 30 percent and textile products from between 35 percent and 40 percent to between 20 and 25 percent, he said.

So far the government has not decided whether it will adjust downward the maximum tariff rate of 67.5 percent, he added.

TAIWAN CRITICIZES COMMUNIST-PORTUGAL MACAO TALKS

OW280641 Taipei International Service in English 0200 GMT 26 Jul 86

[Text] The Broadcasting Corporation of China reports from Taipei: Spokesman of the ROC's [Republic of China's] Ministry of Foreign Affairs, Cheyne Chiu, reiterated Friday that the Republic of China will not recognize any result from the talks between the Chinese communist regime and the Portuguese Government on the future of Macao. Chiu said that the ROC Government considers the communist regime as a rebellious group and thus will not accept any arrangement made in the Macao talks.

At a press meeting Friday, the spokesman also noted that the substantial relationship between the ROC and Brunei will be significantly enhanced when the two nations start flight services in August.

FURTHER REPORTAGE ON DAYA BAY NUCLEAR PLANT

Delegates Meet XINHUA Officials

HK270352 Hong Kong SUNDAY STANDARD in English 27 Jul 86 p 1

[Text] Delegates from the territory-wide anti-nuclear coalition called on the local XINHUA NEWS AGENCY yesterday to express their fears regarding the Daya Bay nuclear plant.

They also requested the news agency to make arrangements for them to go to Beijing to meet the authorities concerned.

Spokesman of the Joint Conference for the Shelving of the Daya Bay Nuclear Plant, Reverend Fung Chi-wood, said they wanted the news agency to convey to the Chinese leaders the Hong Kong people's concern over the project.

They also wished to meet the officials at Beijing to hand over the more than one million signatures collected in the past few months, all opposing the nuclear plant.

"We plan to go to Beijing sometime next month and we hope we will be able to meet the top officials responsible for nuclear policy," Reverend Fung said.

Officials from the local XINHUA NEWS AGENCY, Mr Wu Fai of the Department of Social Work and Mr Tsoi Pui-yuen of the Department of Culture and Education, assured the group that China would handle the safety aspects of the plant in the best way possible.

Mr Wu said China and France will conduct a joint safety appraisal of the Daya Bay plant in September. This proves that the Chinese government attaches the greatest importance to the matter, he added.

China will examine the issue in the most scientific and safety-oriented way, he assured the group.

He promised them that their views on the nuclear plant and their wish to visit Beijing would be conveyed to the authorities concerned there.

Plant Termed Study 'Useless'

HK280300 Hong Kong SOUTH CHINA MORNING POST in English 28 Jul 86 pp 1, 2

[By Albert Chan]

[Text] Top officials involved in the Daya Bay nuclear project said yesterday that parts of the feasibility report to be released this week were "useless," "irrelevant" and "superficial."

The public should press the government to release the Lazard Brothers report, a merchant banking study on the controversial project, they told the SOUTH CHINA MORNING POST.

The officials asked not to be named but include directors and executives of the Guangdong Nuclear Power Joint Venture Co (JVC) and engineers from the mainland and the China Light and Power Co.

They said the five-part feasibility study had been done six years ago and much of the information was out of date.

One example was the equipment study section which examined the various types of nuclear reactors available.

"In 1979 when the report was done, Framatome emerged as the best choice. Westinghouse has since produced a more superior design," said one engineer.

Another official described the equipment study as "superficial" because it contained information from brochures supplied by the various equipment suppliers.

At the time of the report, it had not been decided which reactor manufacturer would be chosen and potential vendors would have been reluctant to release too many technical specifications, he said.

The officials agreed that by keeping confidential the vital part of the report dealing with the economics of Daya Bay, the Government would leave a significant vacuum in the public's understanding of the project.

But even the economic study was out of date, they said.

Reliable sources said the JVC, and China Light in particular, had agreed to release the report only after pressure from the Hong Kong Government and persuasion by Financial Secretary Peiers Jacobs.

However, one JVC director said: "What could really shed light on the project is the Lazard Brothers report which deals with the financial and economics aspects.

"The public should press the Government to release this rather than pursuing our outdated feasibility study."

Neither China Light nor the Chinese authorities were allowed to see the Lazard Brothers report, which was commissioned by the Government several years ago to examine the economic justification of Daya Bay.

Legislative Councillor Miss Maria Tam said yesterday her understanding was that the Lazard Brothers report was written with confidential information supplied by China Light and that the Government could not release it without the power company's approval.

She said she would clear the matter with China Light and the Government before pressing for the report's disclosure.

As for the feasibility study, two of its five parts are to be kept from the Legislative Councillors and public. The first is a summary of the study and the other examines economic aspects.

As the POST reported last week, the Chinese authorities have further censored the public version by withholding geological and metallurgical information on southern Guangdong, including maps and photographs.

It has now been learned that all the figures and dollar signs will also be blacked out.

The three parts to be made public this week are the system design report, the equipment study report and the site selection report.

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Sources said the system design report, which contains information about power systems and forecasts for Hong Kong and Guangdong province, would be edited before release because some parts were "economically sensitive."

The site selection report comprises three volumes, each the size of a telephone directory.

The first two volumes are 1980 and 1982 site selection studies. The third contains geological details and will be totally withheld.

This leaves the equipment study report as the only one which will be fully disclosed.

China Light and Power Co has been given the tedious job of making 50 photocopied sets of the study with censored material deleted.

The 50 sets, which literally need a lorry and several workmen to deliver, will reach Umelco today or tomorrow.

BOC OFFICIAL ON ABOLISHING EXCHANGE CERTIFICATES

HK260320 Hong Kong TA KUNG PAO in Chinese 26 Jul 86 p 3

["Special Dispatch": "Zhao Bingde Discusses Abolishing Foreign Exchange Certificates"]

[Text] Shenzhen, 25 Jul -- Zhao Bingde, permanent director and vice president of the Bank of China [BOC], told reporters in Shenzhen on 25 July, when attending a China International Finance Company Limited ceremony to sign an agreement, that foreign exchange certificates [FEC's] may soon be abolished.

The following is the question and answer session:

Question: Can the abolition of FEC's be accomplished in the near future, or will it require 1 or 2 years?

Answer: I think it can be done soon. In any case, it will not happen tomorrow, nor on 31 December; it will be before that date.

Question: Will there be a transitional period?

Answer: I think some Hong Kong papers said in July that there would be a transitional period. However, I do not agree with that. If FEC's are abolished, then they are turned into renminbi, so what transitional period is involved? We want to restore the situation of 6 years ago. Before 1 April 1980, when people came into the interior they carried foreign currency, Hong Kong dollars, bills of exchange, and travellers' checks, all of which were changed into renminbi. So renminbi was used then!

Question: Will the FEC's be replaced by something new or completely abolished?

Answer: I think it is very likely that they will be completely abolished, and only renminbi will be used.

Question: How will the foreign exchange question be resolved for joint venture hotels?

Answer: It will be resolved by the state making foreign exchange grants.

Question: Will this cause an outflow of foreign exchange?

Answer: I think it will be an inflow. China is short of foreign exchange, and domestically it does not want more outflow; However, China wants to open to the world, and it has markets and a tourism environment. There will always be more foreign exchange coming in.

Question: Does this indicate an opening up of the money market?

Answer: That is only in the discussion stage.

Question: Could it happen that joint venture hotels will seize this chance to buy up large amounts of foreign exchange?

Answer: I think this might happen to a small extent, but there are many such things in the world and if the control methods are good, more will flow in than flows out.

Question: Do you mean that in the macro sense more foreign currency will flow in?

Answer: That depends on the entire range of state policies. Both in our economic and administrative policies, we hope that foreign exchange will come into China and do not want to see so much foreign exchange flowing out. If it does, I will not have so much foreign exchange! [sentence as published]

Question: How great is the circulation of FEC's in the China market?

Answer: About 400 million renminbi. The total issue exceeded 10 billion renminbi.

Question: What about those people with unused FEC's after they are abolished?

Answer: They can exchange them for foreign currency.

Question: What will happen to the FEC's obtained by residents of the interior on the black market?

Answer: The State Council will issue a pronouncement on this question. In any case the FEC's were obtained by exchanging foreign exchange, so of course they can be changed back into foreign currency, on a one-for-one and two-for-two basis. At present I cannot say for sure if there will be any differences in dealing with FEC's held by foreigners, Hong Kong and Macao compatriots, and residents of the interior.

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